FILED
MAR 12 1971

IN THE

Supreme Court of the United States

October Term, 1970.
No. 1463

DEKAR INDUSTRIES, INC., A & E PLASTIK PAK CO., INC., JOSEPH DEKEL and YEHOCHAI SCHNEIDER,

Petitioners,

vs.

BISSETT-BERMAN CORPORATION,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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Opinions Below.

The District Court order for preliminary injunction appears at Appendix 3. The opinion of the Court of Appeals for the Ninth Circuit affirming the order for preliminary injunction appears in 434 F. 2d 1304 and Appendix 9. The order denying a rehearing is set forth in Appendix 14.

Jurisdiction.

The District Court had jurisdiction pursuant to Title 28 USCA §1338(a) and §1338(b) (original jurisdiction in patent and unfair competition cases). The Court of Appeals for the Ninth Circuit had jurisdiction pursuant to Title 28 USCA §1292(a)(1) (appellate

jurisdiction granted of appeals from an interlocutory order granting injunctions). The judgment of the Court of Appeals for the Ninth Circuit affirming the order granting the injunction was entered November 19, 1970 and a timely Petition for Rehearing was denied December 17, 1970. The jurisdiction of this Court is invoked under Title 28 USCA §1254(1) (by Writ of Certiorari).

Questions Presented for Review.

1. May an exception to the strict construction of Federal Rule of Civil Procedure §65(d) (requiring injunctions to be specific in terms and to ". . . describe in reasonable detail and not by reference to the complaint or other document the acts sought to be restrained . . .") be established by the Ninth Circuit in trade secret cases so that injunction orders in such cases may be issued without the specificity plainly required by Rule 65(d), need not set forth *the actual trade secrets enjoined,* leaving their identity to be ascertained later from some "other document", without findings of fact or conclusions of law plainly required by Rule 52(a), contrary to the Second, Seventh and Eighth Circuit mandatory compliance rules, and contrary to this court's opinions in *Lear v. Adkins,* the *Public Service* case and the *International Longshoremen's* case?

2. May a general injunction be permitted in the Ninth Circuit but prohibited in the Second, Seventh and Eight Circuits, prohibiting use by defendants of general unpatentable techniques of mass production employed by plaintiff but which does not set forth the specific "trade secrets" whose use is prohibited where such general techniques are simply well-known steps

for producing the product involved, open to all under *Lear v. Adkins,* leaving it to the defendants to ascertain what they may do or not do at their peril?

3. Since *Lear v. Adkins,* may the unpatentable best mass production methods and techniques for making a patented device, known to a patentee long prior to issuance of patents and withheld by him from the patent office, be protected as "trade secrets" of patentee immediately after the patents issue?

4. May use of technological information be enjoined as plaintiff's "trade secrets" before plaintiff has defined its trade secrets in technological terms of such precision that they clearly distinguish the claimed trade secrets from admittedly non-trade secret technology available to all under *Lear v. Adkins?*

5. Is it contrary to Federal Anti-Trust Law and Federal Patent Law for state law to permit a trade secret injunction which does not specify the trade secret technology protected and does not include findings of fact and conclusions of law establishing that the protected technology has the characteristics required of a trade secret and the boundaries between it, four issued patents, professional skills, and publicly available technology open to all under *Lear v. Adkins*?

Constitutional Provisions and Statutes Involved.

The pertinent portions of *United States Constitution,* Article I, §8, Fifth and Fourteenth Amendments, Title 15 *U.S. Code* §§1, 2, and 3, Title 35 *U.S. Code* §§ 101, 102, 103 and 112, *Federal Rules of Civil Procedure* 52(a) and 65(d), *California Business and Professions Code* §16600 and *California Civil Code* §938(b) are set forth in the Appendix page 22.

Statement of the Case.

Plaintiff Bisett-Berman Corporation of Los Angeles County, California (BBC) (Respondent herein) manufactured and marketed electrolytic cells[1] since prior to 1965. Defendant Joseph Dekel (Dekel) (one of Petitioners herein) is an expert machinist and tool and die maker [R. 133] who controlled and managed corporate defendant Dekar Industries Inc. (Dekar) (one of Petitioners herein) until approximately January of 1969. Dekar was a vendor of parts, tooling and services to BBC from approximately March of 1966 to March of 1968 [R. 170, 288]. Dekel executed an Agreement set forth in Appendix page 21. Defendant A & E Plastik Pak Co., Inc. (A & E) (one of Petitioners herein) is the parent corporation which acquired Dekar in 1968 [R. 169] and Yehochai Schneider (Schneider) (one of Petitioners herein) is President of A & E. Gene Frick (Frick) while not a party to this action, is expressly named in the prohibitions of the injunction and is directly affected by its application to his new employer's limitation upon use of his personal services. He is a defendant in a companion case brought by BBC and pending in Israel and is an expert electrochemist employed by BBC from about May of 1965 to on or about January 23, 1969 [R. 12]. Frick had extensive years of experience in electrochemistry prior to employment with BBC and he was employed by BBC because of his years of scientific research, knowledge, experience and expertise with electrolytic cells [R. 1127-1136]. Frick executed an Agreement set forth in Appendix page 20.

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[1]Specifically here, for use as a timing device employing well-known principles of electroplating, sometimes referred to herein as electrolytic timers, or coulometers.

January 21, 1969, BBC was granted four patents pertaining to electrolytic cells [R. 159]. Protection of the patents is not involved in this appeal. After the granting of the patents and on or about January 23, 1969, Frick terminated his employment with BBC and became an employee of Dekar and ultimately Dekel Industries Limited [R. 1180]. Dekel Industries Limited (Dekelcorp) not originally a party to this action, is an Israeli corporation which carries on its business in Israel and is the corporation which contemplated the manufacture and sale of electrolytic cells in Israel. Dekelcorp is a wholly owned subsidiary of Dekar. A & E is a publicly owned corporation with assets exceeding $6,000,000.00 located in Southern California.

BBC had no patent rights in Israel and defendants planned to manufacture electrolytic cells similar to BBC's in Israel. In March 1969, Frick and Dekel went to Israel to establish residence there, and to begin operation of Dekel Corp. BBC learned of defendants' plans and determined to stop this competition in Israel and sent its attorneys and scientists to Israel for that purpose [R. 472].

"We wished to investigate—one of the topics was to investigate the possibility of stopping competition. There's all sorts of ways of doing that." [R. 472] stated BBC's manager and the inventor named in its patents, Martin Mintz. In March, 1969, when executives of BBC and its attorneys in this litigation visited Israel, Dekel and Frick visited them in Tel Aviv, and *fully reported to them all their plans* [R 115-134]. Dekel and Frick were not accompanied by their attorneys [R 96-102]. No mention was made by BBC's representatives of any claims to trade secrets.

May 5, 1969 BBC filed its complaint for patent infringement and unfair competition against defendants in the United States District Court for the Central District of California and obtained issuance of a temporary restraining order. Argument on the motion for preliminary injunction was heard on August 11, 1969. September 17, 1969 the District Court made its interlocutory order for preliminary injunction which is the subject of this petition. It is set forth verbatim in the Appendix, page 3.

No findings of fact or conclusions of law *were ever submitted* by plaintiff, or prepared or signed by the District Court. The only document submitted to the District Court and signed by it was the "Order for Preliminary Injunction." This is undisputed. The "findings" referred to in the Ninth Circuit opinion do not derive from any *actual findings* denominated as such by the District Court, but are extractions from a few recitals in the order itself. These are taken almost literally from the plaintiff's self-serving recitals which preceded the temporary restraining order granted *ex parte* [R. 38, Appendix p. 2]. The court's remarks of January 19, 1970 (four months after the preliminary injunction issued, Appendix p. 15) denying defendants' *third* motion for specificity make it clear that it was intended that the attorneys for defendants were *never expected* to know the specific trade secrets their clients were accused of and enjoined from stealing, and that the defendants and their attorneys must await some future occasion before they were to be advised

of this information. The colloquy in part on January 19, 1970 (the suit was originally filed May 5, 1969) was as follows:

> "The Court: What protection does the other party have after such disclosure?
>
> Mr. Berkowitz: Complete protection because it is filed and sealed.
>
> The Court: It is what?
>
> Mr. Berkowitz: The file is sealed and there is no one who will have access to this information.
>
> The Court: *Except you.*
>
> Mr. Berkowitz: They claim that if we have it that our clients will see it. Would I disclose this? I am under orders of the court not to disclose it. Therefore I would not
>
> The Court: I think I am going to let that order stand where it is. If I am wrong it will not be the first time that the appellate court has told me so. But I think this has been before us enough and I am going to let that order stay where it is." (Emphasis added).

Three motions for specification and itemization of BBC's alleged proprietary information were made by defendants to the District Court and three times the Court denied these motions [R. 218, 233, 242, 348, 351, Appendix pp. 15-18]. A secrecy order dated July 28, 1969 in the District Court completely sealed the files and the lips of the parties and attorneys so that *no problems of improper disclosure were involved* [R. 349, 350]. A protective sealing order was also granted by the Ninth Circuit January 21, 1970 and filed January 22, 1970 in that Court.

Since plaintiff had only recently (January 21, 1969) received its four new patents involving this technology, defendants urged, prior to the September 17, 1969 order, that (despite their contention that the injunction should be denied in its entirety) if the interlocutory preliminary injunction issued it should be specific and that there should be specific findings of fact and conclusions of law in addition to the fact that *it should describe in detail the actual trade secrets sought to be enjoined,* [R. 454] so that defendants might distinguish the plaintiff's claims from the patented technology and the technology in the public domain. The District Court refused. It made its preliminary injunction without findings of fact or conclusions of law and without determining or setting forth the trade secrets enjoined. Appeal was taken to the Ninth Circuit which affirmed the order.

The prohibited technology appears in Paragraph 4 of the order. There, items A through F set forth broad, sweeping, general "methods and techniques". Admittedly, *all of the methods and techniques* set forth in items A through F are not the exclusive property or "trade secrets" of BBC, and BBC does not even claim this to be the case [R. 235]. As is clearly set forth in the second paragraph of the Court of Appeals *opinion* and as is *admitted* by BBC [R. 235], the order does not set forth the specific trade secrets defendants are prohibited from using. Defendants *never* questioned the fact that if any trade secrets in fact existed, substantiated and specified as required by California law, defendants could be prevented from using them but contended that the trade secret claims of plaintiff were a sham and a fraud and no trade secrets existed at all. [R. 1183].

REASONS FOR GRANTING WRIT.

Introduction.

Of broad general national importance in the industrial, scientific and commercial community is the vacuum created when *Lear v. Adkins, Sears* and *Compco, infra,* swept away broad non-specific injunctions prohibiting use of public domain technology as contrary to the United States Constitutional patent provisions. Besides presenting this Court with an important question involving a natural *specificity corollary* to the *Lear-Adkins* rule, the Supreme Court is here petitioned to require uniformity with its well established rule that injunctions must be specific (FRCP 65(d)), that they must be supported by findings of fact and conclusions of law (FRCP 52(a)), that patented technology and public domain technology cannot be converted into trade secrets by private agreement, *Lear v. Adkins,* 395 U.S. 653 (1969); *Sears v. Stiffel,* 376 U.S. 225 (1964); *Compco v. Day-Brite,* 376 U.S. 234 (1964), questions heretofore thought well-settled by the Supreme Court. The decision and opinion below has created new law on these and other points in conflict with the Supreme Court decisions, in conflict with all of the other Federal circuits which have ruled on the questions, in conflict with the prior law of the Ninth Circuit itself and in conflict with State law. In addition, the appealed opinion declares new law for the Ninth Circuit in conflict with settled law in a diversity of fields from patents to anti-trust.

The facts of this case are unique. It is unlikely the Supreme Court will again be presented with undisputed facts which present the questions raised with such knife-like precision. Among the undisputed facts

are that the plaintiff trade secret claimant received four United States *utility* patents on electrolytic cells involved in the same week that the expert electrochemist Frick terminated his employment. It is undisputed that the very act of publishing a trade secret in a patent ". . . destroys the secretive nature of that which is disclosed therein". *Midland Ross v. Yokana,* 293 F. 2d 411 (3rd Cir. 1961); *Midland Ross v. Sunbeam,* 316 F. Supp. 171 (D.C.W.D. Pa., Aug. 17, 1970) ("Sale of a product defeats claim founded upon trade secrets contained in the product".). All trade secrets involved relate to *manufacturing processes applicable to the patented product* admittedly known to the plaintiff-patentee long before the patents issued. Usually the questions are blurred by overlapping periods of employment before or after the date of patent issue or by the fact that the patents belong to third parties instead of *the trade secret claimant* as is here the case.

It is important to state at the outset that the *security* of plaintiff's trade secrets is not involved because of sealing and secrecy orders. To further clarify the issues we state in the footnote what is *not* involved.[2]

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[2](a) Not involved is the guilt or innocence of these defendants or of Frick who is not a defendant since this hinges *entirely on the existence or non-existence of trade secrets* and these are expressly stated in the Court of Appeals opinion to be "unspecified."

(b) Not involved is the *technology*. All of the questions presented are questions of law. No Court has ever made any findings with respect to it so the Supreme Court has neither the record nor findings with which to deal with the technology.

(c) Not involved is the security of the plaintiff's trade secrets. Since July 28, 1969, the entire file of the case has been under sealing order and the defendants and their attorneys and experts subjected to the District Court sealing order and the Court of Appeals sealing order [R. 349, 350].

(d) Not involved is the law of "design patents". Reference in the Court of Appeals opinion to "the design patent granted

The appealed preliminary injunction is based entirely upon the *presumed* existence of trade secret knowledge within the minds of the defendants. As the Court of Appeals opinion states, these have never been specified or judicially determined. Their existence is entirely an *inference* by the District Court and the Court of Appeals from the existence of the employment agreement. Despite the fact that ". . . absent proof of a trade secret there could be no confidential relationship. . . ." *McGraw Edison Co. v. Central Transformer Corp.*, 308 F. 2d 70 (8th Cir. 1962), given a "confidential agreement", the Ninth Circuit will *presume* the existence of trade secrets without requiring that they be identified and isolated from non-trade secret technology and

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plaintiff" is simply erroneous since the plaintiff has no *design* patents (35 U.S. Code 171) but four *utility* patents subject to the disclosure requirements of 35 U.S. Code §112. Plaintiff received not one patent as implied by the Court of Appeals opinion but *four* United States utility patents two days before Frick terminated his employment.

(e) Not involved is the *adequacy* or *inadequacy* of any findings of fact or conclusions of law from the District Court. There were *none*.

(f) Not involved is any dispute over the existence of agreements establishing a contractual relationship between the plaintiff and Frick and Dekel. *What is* disputed is *the existence or non-existence of trade secrets* behind the protective facade of the "confidential agreement".

(g) Not involved are any manufacturing processes or trade secrets developed by the plaintiff patentee after it obtained its four patents on January 21, 1969. Frick terminated his employment January 23, 1969 and the verified complaint declares that plaintiff's trade secrets are in manufacturing processes already developed and placed in commercial use by May of 1968 [R. 8].

(h) Not involved here are any questions of infringement of plaintiff's patents by the defendants. The appealed preliminary injunction relates solely to trade secrets and not to the patents which have never previously been tested by litigation. The principal relevance of the patents is that they presented *a public disclosure barrier* to plaintiff's claim of trade secrets which has been ignored by both the District Court and the Court of Appeals.

given competition by the ex-employee or his new employer, wrongful use of the presumed but unspecified trade secrets will also be presumed.

(1) Conflicts With Other Circuits on the Same Issues.

Cases involving inadequacy of findings and reversing for verbatim adoption of attorney's findings are persuasive but are not directly applicable since here there were *no findings at all.* See *In re Las Colins, Inc.,* 426 F. 2d 1005 (1st Cir. May 14, 1970, *Reversed* for lack of independent findings); *United States v. El Paso Natural Gas Co.,* 376 U.S. 651 (1964) (Reversed on findings). *Recitals in the order itself cannot suffice. Bank of Madison v. Graber,* 158 F. 2d 13 (7th Cir. 1946) ("We think this contention is not sound. Assuming that the order contains such recitals we are of the view that the necessity for findings in compliance with the rule still would be necessary . . . Reversed"); *United States v. Causby,* 328 U.S. 256 (1946) (Reversed for insufficient findings on *every* issue).

Federal Rules of Civil Procedure 52(a) provides:

> "(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; *and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action.*" (Emphasis added).

Federal Rules of Civil Procedure 65(d) requires that enjoined conduct be identified:

> "Every order granting an injunction and every restraining order shall set forth the reasons for its

issuance; *shall be specific in terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained*; . . ." (Emphasis added).[3]

In the Seventh Circuit compliance with Rules 52(a) and 65(d) is mandatory and an injunction issued without compliance therewith is a nullity and is unenforceable. In *Shannon v. Retail Clerks International,* 128 F. 2d 533 (7th Circuit, May 12, 1942) the court stated in part as follows at page 555:

> "These (Rules 52(a) and 65(d) are strongly worded mandatory provisions which should be respected. They are not meaningless words."

In the Second Circuit, specificity and compliance with Rule 65(d) is mandatory. *Brumby Metals, Inc. v. Bargen,* 275 F. 2d 46 (2nd Cir. 1960). There the Court of Appeals for the 2nd Circuit stated:

> "Unquestionably, the District Court was misled; for had objections to the substance been raised, the District Court, doubtless, would have corrected the deficiencies immediately. We, however, are

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[3]*Local Rule* 7(a) of the U. S. District Court appealed from provides:

> "In all cases requiring findings of fact and conclusions of law under F.R.Civ.P., Rule 52, the findings of fact shall be set out in concise narrative form in separately numbered paragraphs and in chronological order wherever practicable, and not by mere reference to allegations contained in pleadings. Conclusions of law shall follow the findings of fact, and may include brief citations of appropriate authority."
>
> "The Judgment shall be set forth on a separate document as required by F.R.Civ.P. 58. It shall be signed by the Judge and provide that it is in accordance with the findings of fact and conclusions of law and shall otherwise generally follow, as nearly as possible, F.R.Civ.P. Official Forms No. 31 or No. 32, as the case may be."

not passing upon the conduct of counsel. The fact remains that anyone reading the injunction order cannot ascertain from the four corners of the order itself exactly what conduct was enjoined."

"We believe that Rule 65(d) is controlling and mandatory under these circumstances, or any other circumstances except by complete agreement of counsel. It is founded on reason and logic. It sets out mandatory provisions which should be respected . . . *Schine Chain Theatres v. United States,* 1948, 334 U.S. 110, 126, 68 S.Ct. 947, 92 L.Ed. 1245; *Mayflower Industries v. Thor Corp.,* 3 Cir., 1950, 182 F.2d 800. An injunctive order is an extraordinary writ, *subject to contempt for failure to comply,* and thus must be set out in specific terms." (Emphasis Added).

In the Eighth Circuit, the mandatory character of FRCP 65(d) is followed in trade secret cases. *E. W. Bliss Co. v. Struthers-Dunn Inc.,* 408 F. 2d 1108 (8th Cir. 1969), 161 USPQ 263 (revsg. 159 USPQ 524). In the *Bliss* case, the Court of Appeals for the 8th Circuit reversed the trial court decision granting a preliminary injunction, although the injunction there was *much more restricted* than that here involved. Moreover, in the injunction reversed in the *Bliss* case, the trial court had provided findings of fact as required by Rule 52(a). The Court said in part:

"The Preliminary Injunction is, of course, subject to the dicta of Federal Rule of Civil Procedure 65(d) that [Court quoted the Rule]. "In light of these principals, we shall examine, section-by-section, the order of the lower Court. . . . This section of the Order is excessively broad and consequently invalid since it goes far beyond re-

straining unlawful conduct on the part of the defendants. *The seven areas in which the defendants are not to be employed reflect the trial court's findings that Eagle possesses certain undescribed secrets within these generically-defined areas. The danger of generic description of 'trade secrets' based on general and vague findings of fact, is that the individual defendants are restrained from engaging in perfectly lawful employment without regard to the scope of the claimed trade secrets. . . . The mischief of such an order is that a court may find that an employer possesses a trade secret in a wide field, such as electronic computers and process control systems, and even though the secret may relate to a minute detail within this wide field, the court could enjoin former employees from working in this field for anyone but the present employer. . . . The effect of either alternative is to afford Bliss unwarranted protection against legitimate competition.*" (Emphasis added).

The Third Circuit has only recently (October 27, 1970, referring to the specificity of the findings) affirmed a Pennsylvania District Court's decision denying a preliminary injunction under very similar facts showing prior public sale, published patents, matters of general knowledge and matters embraced within the skills and expertise of the defendants. *Midland Ross Corp. v. Sunbeam Equipment Corp.*, 316 F. Supp. 171, 167 USPQ 460 (U.S.D.C. Pa. August 17, 1970) affirmed 435 F. 2d 159, 167 USPQ 422 (3rd Cir., 1970; *O'Neill v. U.S.*, 411 F. 2d 139 (3rd Cir., 1969).

The Ninth Circuit was previously in accord with the other circuits holding that the facts must be specifically

found pursuant to the mandate of Federal Rules of Civil Procedure §52(a). In *National Popsicle Corporation v. Icyclair, Inc.*, 119 F. 2d 799 (9th Cir. 1941) the Court stated at page 800:

> "Since this is an action which was tried upon the facts without a jury, the court should have found the facts specially. FRCP 52(a) 28 U.S.C.A. following §723(c). Here, among others, they should have been found with regard to the several factors relevant to the two periods of the accounting. This was not done. The judgment is vacated."

The Court of Appeals cites *Irish v. U.S.*, 225 F. 2d 3 (9th Cir. 1955) in support of its ruling, but that case *rejected* the District Court injunction for inadequacy of findings and conclusions. The decision also conflicts with the following cases: *Foyle v. Danielson*, CA 9 1961, 296 F. 2d 39, 42; *Ross Whitney Corp. v. Smith, Kline, and French Labs.*, 1953 CA 9, 207 F. 2d 190, 192-193; *Woods v. Pool Construction Company*, 314 F. 2d 405, 406-407 (10 Cir. 1963). In the present case, the Ninth Circuit approved as compliance a mere formula copy of plaintiff's original temporary restraining order preamble (Appendix p. 2) and not a single word of opinion was involved. There was *no disposition of the many issues raised by the defendants* upon which there *had* to be adjudication in order to properly grant or deny the interlocutory injunction.

See also *Interstate Commerce Commission v. Cardinale Trucking Corp.*, 308 F. 2d 435 (Court of Appeals 3rd Cir., 1962) (disposition of case held not in conformity with Rule 52(a); *Mayo v. Lakeland Highlands Canning Co.*, 309 U.S. 310; *Charles Pfizer &*

Co. v. The Zenith Laboratories, 339 F. 2d 429 (Court of Appeals 3rd Cir. 1964) (denial of preliminary injunction reversed and remanded for failure to find the facts specially and state separately conclusions of law thereon); *Newark Stereotapers Union v. Newark Morning Ledger,* 353 F. 2d 511 (Court of Appeals 3rd Cir. 1965) (preliminary injunction order vacated and remanded for further proceedings because the order made no findings of fact to justify or support the order).

Under 18 U.S. Code §401, the injunction here granted exposes defendants to both civil and criminal contempt. *USA Ex rel. Shell Oil v. Barco Corporation,* 430 F. 2d 998 (8th Cir. 1970) (too late to present evidence of prior art at the contempt hearing). If the method used here of dealing with the essential issues for the determination of the injunction can be retroactively declared by the Court of Appeals to be what the District Court never labeled them, then "findings of fact and conclusions of law" as referred to in Rule 52(a) is reduced to a nullity. *Williams v. U.S.,* 402 F. 2d 47 (10th Cir. 1967) (an injunction cannot be so general as to leave the party open to the hazard of conducting business in the mistaken belief that it is not prohibited by the injunction and thus make him vulnerable to prosecution for contempt).

The 9th Circuit opinion after stating in its second paragraph that "the specific trade secrets are not set forth" in the injunction, concludes however, that the injunction order ". . . adequately meets the requirements of Rule 65(d) . . ." because by paragraph 4 of the order "defendants are fairly informed . . . that the techniques are those employed by plaintiff, with respect to particular components of the cells, at cer-

tain clearly specified stages in their manufacture and to achieve particular results". Obviously, 65(d) is violated *on the face of the 9th Circuit opinion, since* "other documents" must be referred to to ascertain the acts sought to be restrained.

But a reading of paragraph 4 of the order shows 6 paragraphs (A through F) of "specific stages" for achieving "particular results" which *all persons lawfully wishing to make such products would perform* whether they used plaintiff's trade secrets or not. Since, as the 9th Circuit opinion states, the specific trade secrets ". . . are not set forth" the prohibition of the injunction as applied to mass production manufacturing indisputably encompasses *broad areas of permissible activity,* including the professional electro-chemical skill of Gene Frick and the expertise of Joseph Dekel, the expert tool and die maker. As indicated by the authorities cited, the 9th Circuit has departed from *Stare decisis* and adopted this type of non-specific injunction in trade secret cases as settled law in that Circuit since it now states "A similar form of description was used in the order upheld by this court in another trade secret case", citing *Winston Research Corp. v. Minnesota Mining and Manufacturing Co.,* 350 F. 2d 134 (9th Cir. 1965). The *Winston* case upheld a general trade secret injunction *after trial on the merits.* Clearly, the situation calls for this court to grant *certiorari.*

The absence from the injunction of the specific activity prohibited is approved by the 9th Circuit opinion with one short sentence stating "It ill behooves Dekel and those in privity with him to now assert they do not know". The "ill behooves" hackneyed cliche has thus become a substitute for specificity in the injunction, leaving it to the defendants to determine for themselves

what technology they are charged with stealing and what acts they are prohibited from performing.

(2) Conflicts With Applicable Decisions of This Court.

In *International Longshoremen v. Philadelphia,* 389 U.S. 64 (1967) this Court stated:

> ". . . The District Court's decree, however, it might be characterized for other purposes, was an 'order granting an injunction' for purposes of Rule 65(d).
>
> The order in this case clearly failed to comply with that rule, for it did not state in specific . . . terms the acts that it required or prohibited. The Court of Appeals viewed this error as minor and in no way decisional. We consider it both serious and decisive.
>
> [4.5] *The judicial contempt power is a potent weapon. When it is founded upon a decree too vague to be understood, it can be a deadly one. Congress responded to that danger by requiring that a federal court frame its orders so that those who must obey them will know what it means to forbid.* Because the decree of this District Court was not so framed, it cannot stand. And with it must fall the District Court's decision holding the union in contempt. We do not deal here with a violation of a court order by one who fully understands its meaning but chooses to ignore its mandate. We deal instead with acts alleged to violate a decree that can only be described as unintelligible. The most fundamental postulates of our legal order forbid the imposition of a penalty for disobeying a command that defies comprehension. *Reversed.*" (Emphasis added).

See *Public Service Commission v. Wisconsin Telephone Co.*, 289 U.S. 67 (1932) (interlocutory injunction *reversed* for failure to make findings of fact and conclusions of law).

The opinion below establishes law in the Ninth Circuit which is in direct conflict with the rulings and opinions of the Supreme Court both before and after the application of the Federal Rules of Civil Procedure. *Mayo v. Highlands Canning Co. Inc.*, 1940, 309 U.S. 310, 316, 60 S. Ct. 517, 520; *Gibbs v. Buck*, 307 U.S. 66 (1939). Before this case, the Ninth Circuit was in agreement with the United States Supreme Court and the other Courts of Appeal that compliance with the FRCP was mandatory, and required exact specification of the enjoined subject matter within its own terms and not by reference to any other source. *Farrel v. Danielson*, 296 F. 2d 39, (9th Cir. 1961). The Court of Appeals opinion now expressly violates FRCP 65(d) in two ways: *First* it declares "the specific trade secrets are not set forth" in the injunction, but then it holds the injunction valid. *Second* it supports the injunction by prohibited reference to *other documents* and even to the mental content of the defendants' minds when it says, "Defendants are also informed . . . through plaintiff's answers to numerous interrogatories and requests for admission and by affidavits. . . ." and by its statement, "It ill behooves Dekel and those in privity with him to now assert they do not know."

The Ninth Circuit thus affirms an injunction which the District Court cannot enforce without exceeding the contempt power granted by the Congress to the Federal Courts by 18 *U.S. Code* §401. *In re Michael*, 326 U.S. 224, 227; 90 L. Ed. 30, 32; 60 S. Ct. 78

(1945). The Supreme Court has reversed a contempt conviction where specificity was delayed until the contempt proceedings. *First Security National Bank and Trust Co. v. U.S.*, 382 U.S. 35 (1965). In the present case, the Court of Appeals is in conflict with that decision for it has approved in advance a contempt procedure under which the specific trade secrets will not be discovered by the defendants until the contempt proceedings are held. The record below (Addendum to Appellant's Reply Brief pp. 16-53) reflects the manner in which plaintiff attempted to fill the empty trade secret gap when contempt proceedings were in fact initiated.

(3) Conflict With Federal Patent Law and Policy.

Irrespective of the truth or falsity of plaintiff's allegations of wrong doing by defendants, *which turn solely on the existence or non-existence of trade secrets* (defendants are not accused of taking any tangible property of plaintiff) the new Ninth Circuit Rule cannot survive its conflict with *Lear, Sears* and *Compco*. *Newport v. Crosby,* 139 F. 2d 612 (5th Cir., 1944) states the general rule:

> "a process that is a secret cannot be one that is patented; because full disclosure, so that the public may know how to use it when the patent expires, is the consideration for the monopoly given the patentee for a limited time. The patentee must disclose the discovery, and the manner and process of using it, fully and clearly, so as to enable any person skilled in the art to use the same. 35 U.S.C.A. §§33 and 112. If he fails to do this the patent is void; and his monopoly can include only what he discloses. *Halliburton Oil Well Cem.*

Co. v. Schlumberger Well Surveying Corp., 5 Cir. 130 F. 2d 589; *Price Trawick, Inc. v. Gas Lift Corp.*, 5 Cir. 101 F. 2d 134."

See also 35 U.S.C.A. §112; *Andersons-Black Rock Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969); *Gallo v. Norris*, 315 F. Supp. 38, 166 USPQ 509 (1970) (Trade secrets are lost by selling the product and by obtaining a patent on it); *Tape Industries v. Younger*, ... F. Supp. .... (D.C. Cal. 1970); *Cable Vision v. KUTV*, 335 F. 2d 348, (CA 9th Cir. 1964) Certiorari denied .... U.S. ....; *Epstein v. Dennison*, 314 F. Supp. 116 (D.C.N.Y. 1969).

The preliminary injunction is couched in such general terms as to enjoin technology which the Supreme Court has declared may not be protected by Federal law, State law, or private contract. *Lear v. Adkins*, 395 U.S. 653, 162 USPQ 1 (1969); *Sears and Roebuck v. Stiffel*, 376 U.S. 225, 140 USPQ 524, 84 S. Ct. 784, 11 L. Ed. 661 (1964). A New York District Court only a few months ago held in line with this court's decisions in *Lear-Adkins* and *Sears-Stiffel* and in *direct conflict* with the Court of Appeals for the Ninth Circuit in *Painton & Co., Ltd. v. Bourns, Inc.*, 309 F. Supp. 271, 164 USPQ 595 (D.C.N.Y. 1970), wherein the court declared as follows:

"In *Lear, Inc. v. Adkins*, 395 U.S. 653, 162 USPQ 1 (1969), the Court held that a licensee is not estopped from contesting the validity of the patent and (more importantly for this case) that once a patent issues, regardless of what was the

intention of the contracting parties, the patentee-licensor may not enforce its trade secret claims. *Lear* at 672-4, 162 USPQ at 8-10.

Thus, regardless of the construction of the 1962 contract under California law, California courts must obey the dictates of the Supremacy Clause, follow federal law, and refuse to enforce defendant's trade secrets in respect to those models covered by a patent.

. . . This court's enforcement of such an agreement would be contrary to our national patent law and policy, *Lear v. Adkins, supra.* Our patent policy of strict regulation of inventions would be undercut if inventors could enforce agreements for compensation for alleged secret ideas without being required to submit those ideas to the Patent Office, and, thereby, eventually have the ideas disclosed to the public.

Furthermore, patent policy (reaffirmed by the holding in *Lear* that estoppel will not be a bar to challenging the validity of a patent. *Lear* at 655-71, 162 USPQ at 2-8) which allows compensation only for ideas which rise to the level of invention would be further undermined by the enforcement of such a contract, since compensation would be awarded for non-inventions. And if this court were to hold that before a state could enforce a trade secrets contract, the ideas must be found to be an invention as prescribed by the rigid requirements of federal patent law, inventors would be able to circumvent 'the manner in which inventions may be protected.' *Lear,* at 667.

Inventors would be encouraged to avoid filing applications altogether and contract for long licens-

ing arrangements. The severely restricted area which the Supreme Court left open to applicable State law would become a yawning abyss. Fewer patent applications would be made. The Patent Office would soon have a less accurate view of the state of the art in a particular field. And state courts, rather than the Patent Office, would become the initial triers of whether a discovery is an invention.

For these reasons, this court holds that federal patent law requires an inventor to submit his ideas to the Patent Office before he can compel consideration for the use of his idea. The court, however, does not decide whether under California law an inventor, if he makes a patent application, can be compensated for his disclosure before the patent has issued. *Lear, Inc. v. Adkins, supra,* at 676-7, 162 USPQ at 9-10. That question is not before this court." (Emphasis added).

To what extent does the grant of a United States patent or public use of technology in the United States bar a State from granting trade secret protection to that technology? The court stated in *Adkins* that:

". . . Federal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent. *Sears Roebuck v. Stiffel Co. supra; Compco Corp. v. Daybright Lighting, Inc. supra* . . . At the core of this case then, is the difficult question whether federal patent policy *bars a state from enforcing a contract* regulating access to an unpatented secret idea . . ." (Emphasis added).

In *Sears v. Stiffel, supra,* where Sears copied Stiffel's pole-lamp, the Court stated in part:

> "This it had every right to do under the Federal Patent laws. That Stiffel originated the pole-lamp and made it popular is immaterial. 'Sharing in the good will of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.' "
>
> ". . . But because of the Federal Patent laws a state may not when the article is unpatented and uncopyrighted *prohibit the copying of the article itself or award damages for such copying . . .*" (Emphasis added).

In *Compco v. Daybright Lighting,* 376 U.S. 234, 140 U.S.P.Q. 528 (1964), a case analogous to the *Sears v. Stiffel* decision, the Court concluded that:

> "Since the judgment below forbids the sale of a copy of an unpatented article and orders an accounting for damages for such copying, it cannot stand. Reversed".

Because of its inordinate complexity, the law of trade secrets is unpredictable even within a particular jurisdiction. As a result, trade secret owners are frequently overprotected to the ultimate detriment of society. The interests of the general public have been virtually ignored. *The Trade Secret Quagmire—A Proposed Federal Solution,* 59 Minn. L. Rev. 1049 (1966). If, as this Court stated in the *International Longshoremen* case, it is true that "the most fundamental postulates of our legal order forbid the imposition of a penalty for disobeying a command that defies comprehension", the "ill behooves" cliche of the 9th Circuit can-

not be substituted for the specific secrets missing from the injunction by admission in the 9th Circuit's own opinion, since otherwise the general non-specific injunction is enforcing a contract regulating access to an unpatented "secret idea", as well as "non-secret" public domain technology.

The rules of Sears-Compco and Lear-Adkins are distinguished by the 9th Circuit on the grounds that those rules do not prevent equitable relief for misuse of trade secrets by those bound "by a confidential relation or by an express or implied agreement to maintain secrecy". But "absent proof of a trade secret there would be no confidential relationship . . .". *McGraw Edison Co. v. Central Transformer Corp.*, 308 F. 2d 70 (8th Cir. 1962); *Sandlin v. Johnson*, 141 F. 2d 660 (8th Cir. 1944); *Skoog v. McRay*, 211 F. 2d 254 (7th Cir. 1954). Defendants never denied that if any trade secrets *in fact existed* plaintiff would be entitled to injunctive protection, hence this statement was unnecessary to the opinion. However, if "all ideas in general circulation" must be dedicated to the common good "unless they are protected by a valid patent" (*Sears*), can a contract to maintain secrecy of technology be encompassed in an injunction which is so broad that it encompasses permissible conduct *on its face?*

Can such a contract and such an injunction issued pursuant to it inhibit an employee from using, after he terminates his employment, "ideas in general circulation" by pinning the "confidential relationship" stereotype label on the contract? Does this change the fact that the duty to maintain secrecy must necessarily be strictly limited to the *narrow areas which are in fact trade secrets?* The Supreme Court has prohibited af-

firmative answers to these questions by its *Sears-Compco* and *Lear-Adkins* rulings.

Otherwise, the injunction prevents defendants from the "exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested" (*Sears*). Although defendants contracted to keep *trade secrets* in confidence, they cannot be prohibited from using technology in the public domain, copying *the unpatentable publicly marketed article* which others are free to copy, nor can they be inhibited from copying the patent itself in such countries where no patent protection exists. The 9th Circuit opinion indicates that this question is to be answered differently in the 9th Circuit and *Sears* and *Compco* have no application if a "confidential relationship" existed. The defendants are thus prevented from engaging in conduct declared permissible by this Court.

The question is whether or not federal patent law bars a state from enforcing by general injunction a contract regulating access to unpatented ideas which are not trade secrets. In the *Adkins* case, *Adkins* was required to narrow his claim drastically in order to receive the narrow patents which were granted to him in 1960. Here, no such narrowing process has ever occurred. For example, it is generally held that even *secret* commercial use of a process for more than one year constitutes a public use bar to patentability. *United States Chemical Corp. v. Plastic Glass Corp.*, D.C.N.J., 142 F. Supp. 840, 110 USPQ 18. Affirmed 243 F. 2d 892, 113 USPQ 303 (interprets 35 U.S. Code §102). Failure of a patent specification to disclose the best mode of practicing the invention is fatal to the validity of all the claims in the patent. *Weisbrod v. Gluck v.*

Gluck & Co. Inc., DC PA, 185 F. Supp. 238, 126 USPQ 183.

Frick terminated his employment at substantially the same time (January 21-23, 1969) that the plaintiff obtained four United States patents. Moreover, the claimed trade secrets had all been discovered and placed in commercial use by the plaintiff long before January 1969 when Frick terminated his employment and the plaintiff obtained its patents. Thus the one year of commercial use destroyed any claim to trade secret rights in the manufacturing process since such processes did not achieve the inventiveness to warrant patentability. *Lear v. Adkins, supra.* The Court of Appeals completely misapprehended the requirements of Patent Law contained in 35 U.S Code §112 when it proceeded to create without any authority from California law a new and special class of trade secrets applicable to "confidential relationships" only and declared itself unwilling to apply the rule of *Lear v. Adkins* to technology which was "protected by a confidential relationship". The difficulty with this position is that it establishes as "trade secret" technology which the Supreme Court has declared to be publicly disclosed and beyond the reach of state law or contractual protection. The order granted trade secret protection to unspecified technology, known and practiced by the plaintiff before it filed its last patent application.

Consequently, the Court of Appeals did not even reach the question as to whether or not a patent applicant is required to bring into the patent office by amendment or refiling, his discovery that his originally filed application showed an unreliable method of practicing the invention and that he now has found a reliable method of practicing it. The court based its de-

cision entirely on cases decided in state courts of California prior to *Lear v. Adkins* and seems unaware that those prior cases are *no longer tenable since they granted trade secret protection to disclosures contained in expired patents and publicly marketed products. Lear v. Adkins* has now made it clear that disclosures of expired patents and of publicly marketed goods cannot be protected as trade secrets as they were in *Components v. Isolation,* 241 Cal. App. 2d 726, 50 Cal. Rptr. 829 and *Ungar v. Sid Ungar,* 192 Cal. App. 2d 398, 13 Cal. Rptr. 268, 1961, cases relied upon by the Court of Appeals. *Painton, supra* is an example of the post-*Lear-Adkins* law which is now applicable everywhere.

The Court of Appeals has here held that the patentee may obtain the patent monopoly and also may reserve as his trade secrets the best method of practicing the invention provided they relate to mass production regardless of when he learned those mass production methods. The decision gives trade secret protection to the plaintiff even though the mass production methods were known prior to the filing of the patent applications. It is not disputed that the plaintiff patentee publicly marketed thousand of the patented cells made by the manufacturing processes herein claimed by the plaintiff as trade secrets long prior to January 1969 when the four patents issued and Frick left his employment with the plaintiff and first began to work for the defendants. Since the order is couched in broad terms that include what can be detected from the patent itself and from the product, it places the Ninth Circuit's rule in conflict with what had been previously settled law in these fields. *Newport Industries, Inc. v. Crosby Naval Stores, Inc. et al.,* CA 5, 139 F. 2d 611 (1944);

Sarkes Tarzian Inc. v. Audio Devices, Inc., DC S Cal., 166 F. Supp. 250, 119 USPQ 20 (1958) (Aff'd by ref. to Dist. Ct. Opinion, 283 F. 2d 695, Cert. Den. 365 U.S. 869). The order is not saved by the exclusionary clause since that clause does not protect the defendants from civil and criminal contempt on facts not known or determined until the conclusion of contempt proceedings. Indeed, the plaintiff here did bring a contempt motion against these defendants when the defendants proposed to begin manufacture with the use of public domain technology (Appendix to Appellant's Reply brief, pp. 16-53). It is a direct repudiation of 35 *U.S. Code* §112 requiring plaintiff to disclose the best mode of practicing the invention in exchange for the patent monopoly.

In footnote 5 of the Court's opinion, it explains its rejection of *Lear v. Adkins* on the basis of the presence of a "confidential relationship". In short, the court is converting public domain technology into trade secrets merely because a "confidential relationship" exists and on no other basis, in direct conflict with the policy of ready access to public domain technology laid down by the Supreme Court in *Lear v. Adkins* and the *Sears v. Compco* cases which did not provide any *exception* by which an employer could convert *public domain* technology into his private trade secrets by simply extracting confidential agreements. Scientists, engineers and subcontractors, parties to such confidential agreements in reliance upon the 1969 decisions by the United States Supreme Court in the cited cases are stripped of their rights by the interpretation given by the Court of Appeals for the Ninth Circuit.

The obvious effect is to afford plaintiff unlawful protection against legitimate competition in violation

of §16600 of the *California Business and Profession Code,* by the "imposition of a penalty for disobeying a command that defines comprehension" *International Longshoremen v. Philadelphia,* 389 U.S. 64 (1967) (Reversed for non-compliance with Rule 65(d)). Such a command should mandatorily be required to be as specific in the 9th Circuit as it is required to be in the 2nd, 3rd, 7th and 8th Circuits and if this is required, *Sears-Compco* and *Lear-Adkins* are accommodated since in that fashion *both Federal and State substantive and procedural law can be accommodated.*

(4) Conflict With Federal Anti-Trust Law.

The plaintiff vastly expanded the scope of its patent monopoly by confidential agreements where the interlocutory injunction did not specify the trade secrets and where the court did not require support by findings of fact and conclusions of law to show the difference between the manufacturing processes claimed as trade secrets and those which the plaintiff was required to disclose in its four patents pursuant to 35 *U.S. Code* §112. The Court of Appeals thus by-passed the Federal Rules of Civil Procedure, State Law and Patent Law, by an interlocutory injunction which expands plaintiff's patent monopoly because the injunction is directed at the manufacturing processes for the patented device but does not specify what technology comprises the trade secrets prohibited.

The non-specific nature of the trade secret injunction was not a mistake. Plaintiff deliberately resisted three motions for specification of the trade secrets [Appendix p. 15, R. 218, 233, 242, 348, 351] which the Court three times denied. It should be noted that all three motions were brought *after* the Court had grant-

ed a strict order of secrecy sealing the file and binding the defendants to secrecy. It has long been settled by the United States Supreme Court that contracts may not be used to expand the scope of the patent monopoly. *United States v. Univis Lens Co. Inc.*, 316 U.S. 241, 250, 53 USPQ 404, 408 (1942); *United States v. Masonite Corp.*, 316 U.S. 241, 250, 53 USPQ 396, 401 (1942). In those cases, the agreements expanding the patent monopoly were held to be violations of the *Sherman Act*, Title 15, *U.S. Code* §§1, 2, and 3. The Supreme Court has held that it is a violation of the Sherman Act for a patentee to enforce a patent procured by fraud. *Walker Process Equipment Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172, 147 USPQ 404 (1965). A plaintiff who advances sham trade secret claims and obtains their enforcement in the form of an unspecific trade secret injunction is no different from a patentee who fraudulently procures patents. Yet here the non-specific trade secret injunction provided a procedure which vastly expands the patent monopoly through use of the court's own processes.

Even in the absence of fraud, an attempt to use the confidential agreements to expand the patent monopoly is a violation of the *Sherman Act*, §2. *Bendix Corp. v. Balax Inc.*, CA 7, 421 F. 2d 809, 164 USPQ 485 (1970); cert. den. 399 U.S. 911. In *Bendix* the the trial court had brushed aside the defendant's counterclaim that §§1 and 2 of the *Sherman Act* were violated by license agreements and the Court of Appeals for the Seventh Circuit citing *Lear v. Adkins* and the strong Federal policy favoring free competition in ideas which do not merit patent protection, reversed and remanded for trial of the defendant's anti-trust counter-

claim. In *Bendix* the Court of Appeals said that if licenses are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification. Here, scientists and technologists in the Ninth Circuit are muzzled since many a manufacturer keeps secret what it is doing without having any trade secret rights since such manufacturers are simply concealing from others that its methods and techniques are routine and empty of any technical information not readily available to others. *Servo Corp. of America v. Pelino,* (NY Sup. Ct. Nassau County) 158 USPQ 618 (1969).

Protection of unspecified trade secrets is in direct conflict with settled anti-trust law which does not permit the use of *trivial* or nonexistent manufacturing know-how as a device for the protection of monopoly. *A & E Plastik Pak Co., Inc. v. Monsanto Chemical Co. Inc.,* CA 9, 396 F. 2d 710, 158 USPQ 375, 379 (1968). The intent to monopolize associated with a contract which excludes competition can make it a restraint of trade in violation of *Sherman Act* §2 even though the contract on its face appears to be for a lawful purpose. *United States v. Timken Roller Bearing Co.,* ND Ohio, 83 F. Supp. 284 (1949) affd. 341 U.S. 593 (1951); *United States v. Imperial Chemical Industries,* DC NY, 100 F. Supp. 504, 518; *United States v. National Lead Co.,* DC, 63 F. Supp. 513, 523; *A & E Plastik Pak Co., Inc. v. Monsanto Co., supra.*

It is settled that if a patent is used as a tool to restrain trade, the patentee may lose his right to enforce the patent. *Ansul Co. v. Uniroyal Inc.,* DC NY, 306 F. Supp. 541, 163 USPQ 517 (1969). If he persists in asserting patent rights procured by fraud, he may

subsequently be subjected to damages in the same litigation in which he attempted to enforce fraudulently obtained patent claims after learning of their nature. *Monolith Portland Cement Co. v. Kaiser Aluminum & Chemical Co.,* 407 F. 2d 288, 160 USPQ 577 (1968) (mod'g 267 F. Supp. 726, 152 USPQ 380).

Here plaintiff deliberately sought and obtained a non-specific injunction in preference to a specific one since plaintiff three times successfully resisted any attempt to have the trade secrets specified. See *United States v. Imperial Chemical Industries,* DC NY 1951, 100 F. Supp. 504, 518 (So long as a major purpose of the agreement was an illegal one, a complementary legitimate purpose has not immunized the parties from anti-trust prosecution); *United States v. National Lead Co.,* DC, 63 F. Supp. 513, 524 ("Not only are the patents and the processes agreements susceptible to being apt instruments of territorial divisions, but the very first such agreement was deliberately entered into with a view to effectuating that illegal purpose").

(5) Conflict With Constitutional Rights of the Defendants.

The Preliminary Injunction Order denied defendants procedural due process of law guaranteed to defendants pursuant to the Fifth and Fourteenth Amendments to the United States Constitution by the Court's failure to promptly require specificity so that defendants could prepare their defense. It is "unreasonable, arbitrary and capricious" until it specifies the particular technology which the defendants are barred from using and requires support of that technology as trade secrets of the plaintiff by adequate findings of fact and conclusions of law. As the order now stands, it also is

a denial of the defendants' freedom of engaging in commercial enterprise, which is one of the basic fundamental rights protected within the liberty concept of both the Fifth and Fourteenth Amendments. Antieau, *Modern Constitutional Law,* §317, page 228. The Order does not meet the test required for the application of State law under *Nebbia v. New York,* 291 U.S. 502, 78 L. Ed. 940, 54 S. Ct. 505, 89 ALR 1469 (1934), which defines the due process standards which governmental action must meet under either the Fifth or Fourteenth Amendment in order to exclude a person from the pursuit of a chosen profession.

Constitutional guarantees of liberty and the pursuit of happiness include the right to hold a specific private employment and to follow a chosen profession free from unreasonable governmental interference. *Greene v. McElroy,* 360 U.S. 474, 3 L. Ed. 1377, 1388, 79 S. Ct. 1400 (1959); *Schware v. Board of Bar Examiners,* 353 U.S. 232, 1 L. Ed. 2d 796, 801, 802; 77 S. Ct. 752, 64 ALR 2d 288 (1957) ("A State cannot exclude a person from the practice of law or from any other occupation in a manner or for reasons that contravene the Due Process or Equal Protection Clauses of the Fourteenth Amendment."); *Cudahy Co. v. American Laboratories, Inc.,* DC Nebr., 313 F. Supp. 1339 (1970) ("The status given trade secrets is not to be used as a sword to prevent employees from rendering their services, based on knowledge and experience, to somebody other than that one employer. That is exactly what plaintiff would accomplish if its claim of trade secret as these items were successful.")

The injunction which does not specify the trade secrets enjoined and completely evades the requirements

for findings of fact and conclusions of law prevents defendants from rendering their expertise services. An injunction against Frick's new employer destroys him in his specialized profession just as certainly as if he himself were the defendant. To the former subcontractor Dekel, a named defendant, the injunction deprives him of business which was open to him *before* he performed work for plaintiff. He can be driven completely out of business by successive prime contractors like plaintiff, not because he misappropriates trade secrets, but because courts grant trade secret injunctions without establishing the identity and existence of the secrets.

(6) Conflict With Applicable California Law.

The Ninth Circuit decision conflicts with applicable California Law on Trade Secrets, invalidity in California of contractual restraint against competition by ex-employees (*California Business and Professions Code,* §16600), and prohibition of state law protection for public domain technology (*California Civil Code,* §983(b)).

California law requires that the plaintiff identify its trade secrets and isolate them from technology readily ascertainable from public sources, all falling within the scope of the defendants' professional skills or otherwise excluded from trade secret status by the *Restatement of Torts,* Section 757. *Sarkes Tarzian Inc. v. Audio Devices Inc.,* DC S Cal., 166 F. Supp. 250, 119 USPQ 20 (1958) (Affirmed by reference to Dist. Ct. Opinion 283 F. 2d 695. Cert. Den. 365 U.S. 869); *Futurecraft v. Clary Corp.,* 205 Cal. App. 2d 279, 23 Cal. Rptr. 198 (1962); *Diodes, Inc. v. Franzen,* 260 Cal. App. 2d 244, 67 Cal. Rptr. 19; *Cal Francisco Investment Corp., dba West Coast Properties v. Milton Vrionis,*

Dist. Ct. App. First, ... Cal. App. 2d ..... (Jan. 14, 1971). Neither the District Court's Order nor the Court of Appeals Opinion contain any reference to the rule of *Futurecraft:*

> "The plaintiff seeking prohibitory judgment must carry the burden of identifying and isolating the particular products of the mind in which he claims to have a right of private property".

This requirement of California law is imposed on *every* claim of trade secrets whether it resides in the product or in a manufacturing process. The burden of both the plaintiff and the defendant during trial are different when the trade secret claim is a manufacturing process and not the marketed device itself. The Court of Appeals cites two pre-*Lear-Adkins, Sears-Stiffel* cases from the California State Courts (where FRCP 65(d) does not apply), which approved nonspecific injunctions after the conclusion of the trial when there was a trial record in which the isolation and identification had been achieved. *Components for Research, supra; Ungar, supra.*

Those two cases dealt with former directors who had been guilty of establishing competing businesses while still directors of the plaintiff, a condition not existent here. Here defendants' act of going into competition with the plaintiff *was perfectly legal unless they used specific trade secrets.* In *Cal Francisco Investment Corporation* the California court quoted with approval the rule of *Diodes v. Franzen, supra,* in discussing the plaintiff's complaint on demurrer:

> "The facts alleged must show that the public policy in favor of the protection of the complainant's interest in maintaining the secret out-

> weighs the interest of the employee in using his knowledge to support himself in other employment. . . ."

The Court went on to find that the particular trade secret specified in *Cal Francisco* (real estate listings) was not capable of protection as a trade secret and that public policy did not favor such protection stating:

> "Public policy favors the right of an individual to pursue any calling, business or profession. A former employee has the right to engage in a competitive business for himself and to enter into competition with his former employer, even for the business of those who had formerly been the customers of his former employer, provided such competition is fairly and legally conducted. . . ."

As long as the trade secrets here remain unspecified, the courts have not given the defendants the above public policy considerations which California law declares *they must*.

California Business and Professions Code §16600 provides that covenants not to compete are void and unenforceable in California unless accompanied by the sale of an interest in a business (a condition not here present). Here the court by the non-specific injunction converted the confidential agreements into covenants not to compete since this followed when defendants were placed in peril of both civil and criminal contempt for competing by using technology which had never been separated into trade secret and non-trade secret areas. In *Muggill v. Donnelley Corp.*, 62 Cal. 2d 239, 42 Cal. Rptr. 107, 398 P. 2d 147 (1965) the California Supreme Court declared that where there was no trade secret a contract provision preventing competition with

the ex-employer was an illegal restraint of trade. Since the injunction does not specify the secrets, the order here is an illegal restraint of trade for it is illegal to the extent that it goes beyond the secrets.

The State of Louisiana has a similar law and a District Court in Louisiana ruled that a nonspecific trade secret injunction would unlawfully enforce a contract not to compete contrary to Louisiana law. *Standard Brands Inc. v. Zumpe,* 264 F. Supp. 254 (D.C.L.A. 1967), 152 USPQ 731. In the present case, the injunction is a violation of §16600 to the extent that it does not specify the trade secrets protected and the Court of Appeals itself states "the specific trade secrets are not set forth".

California Civil Code, §983(b) states:

> "If the owner of any invention or design intentionally makes it public, a copy or reproduction may be made public by any person, without responsibility to the owner, so far as the law of this State is concerned."

The injunction is broad enough to include "inventions or designs" intentionally made public by the plaintiff within its four patent applications on the electrolytic cell and by marketing thousands of the cells for a period of several years. Without first having a determination of the specific trade secrets and then findings establishing that the intentional *disclosures* of the plaintiff in its patents and marketed products do not reveal the manufacturing process specified, the District Court granted, and the Court of Appeals affirmed, an interlocutory order *in direct conflict with California Civil Code* §983(b).

Conclusions.

A *corollary* to the *Lear-Adkins* rule of broad general national interest should be established *making specificity uniformly mandatory*. Here involved is a judgment calling for an exercise of the supervisory power of this Court on all six reasons listed in Rule 19(1)(b). The interlocutory order affirmed by the Ninth Circuit not only disregards the plain wording of FRCP 52(a) and 65(d). It is in direct conflict with the applicable decisions of this Court as to the requirements of those Rules. The Ninth Circuit is now in conflict with the Courts of Appeal of other Circuits and also with what had been settled law in the Ninth Circuit itself, prior to this opinion. The new law in the Ninth Circuit "has so far departed from the accepted and usual course of judicial proceedings," and has ". . . so far sanctioned such a departure by a lower court as to call for an exercise of this Court's power of supervision." *Rules of the Supreme Court of the United States,* 19(1)(b).

The new Ninth Circuit Rule provides a sham trade secret device and frustrates both the Patent and the Anti-Trust Laws of the United States. It eviscerates the patent disclosure requirements of 35 U.S.C. §112 and informs patent applicants that they may withhold from their disclosure as "trade secrets" all that is required to practice the invention with any commercial utility. It abandons the rule of *Erie Railway v. Tompkins,* 304 U.S. 64, and declares new trade secret law in conflict with applicable California law requiring identification and isolation from readily ascertainable technology prior to grant of an injunction. It conflicts with *California Business and Professions Code,* §16600 which makes any covenant not to compete unconnected with

the sale of the good will of a business invalid and unenforceable in California.

The mobility of scientists, engineers and technicians in the Ninth Circuit, who have signed trade secret agreements is severely limited to the damage not only of themselves but also to the nation. Ex-employees are unlawfully eliminated as competitors. The Rule violates the due process rights assured all citizens by the Fifth Amendment to the United States Constitution and the Supreme Court decisions interpreting that provision. It incorrectly interprets state law as permitting a nonspecific trade secret injunction which deprives defendants of the right to practice their occupation by a procedural device which avoids any early inquiry by the court into the merits of the plaintiff's trade secret claims.

Patentees in high technology fields are encouraged to balance the advantages of withholding the "best method" technology as "trade secrets" while preparing application for United States Patent. The public is cheated of the scientific and industrial disclosure for which it grants a 17-year monopoly. Companies in high technology activities will be tempted to use the sham trade secret procedure approved herein to frustrate the application of *Sherman Act,* Sections 1, 2, and 3 as applied to competition from skilled professional ex-employees, often the only lawful competition scientifically and economically probable in such fields.

But the destruction of defendants' rights, professional productivity, and morale are nothing in comparison with the loss to the public and to the military security of the United States because of the oppressive restrictions placed upon lawful competition, lawful access to public

domain technology, mobility and effective use of scientific and technological personnel, by the illusory disclosure approved herein as adequate for *patent* disclosures.

It is important that the Court be aware of the factor dominating this case which caused the Court of Appeals, as well as a District Court, to declare law which "so far departs from the accepted and usual course of judicial proceedings". That factor is the presence of science and technology familiar and routine to professional scientists and electricians in the electrolytic timer industry, privy to plaintiff's technology or not, which technology is completely beyond the comprehension of any court unless it first requires the plaintiff and defendant to carry the burdens imposed by law of placing the technology before the court in full detail required by the proceedings.

When the District Court failed to make the plaintiff carry its burden, the Court's own *processes for administering justice* necessarily collapsed completely. In its turn, the Court of Appeals sought to administer justice without having in the record the indispensable findings of fact, conclusions of law, specifications of trade secret technology and isolation of the trade secrets from the plaintiff's own patents. In bypassing the unavoidable issues of science and technology, the Court was unaware because of the technical nature of trade secret cases that it was moving with destructive effect through patent law, anti-trust law and applicable California law. It must be appreciated that the critical argument presented in this petition is not intended to reflect in the slightest on the Judges. The collapse in the face of what to them was incomprehensible high technology is understandable. The simple weapon for

dealing with such high technology is *to require of the plaintiff that it simply carrying its burden and comply with the existing rules, both Federal and State, both procedural and substantive.*

What the Supreme Court is here petitioned to grant is a hearing on whether the Ninth Circuit may abandon *stare decisis* and issue preliminary injunctions in trade secret cases without findings of fact as required by FRCP 52(a) and without specification of the trade secrets protected as required by FRCP 65(d). At issue is whether a patentee can obtain trade secret protection for technology which was either unpatentable or was withheld from the Patent Office in disregard of 35 *U.S. Code* §112 and whether the Ninth Circuit may enjoin lawful competition by providing an injunction which does not specify the meat and bones of the trade secrets enjoined.

Before the Ninth Circuit decision here involved, the Supreme Court and most Circuits recognized that the sham trade secret, the non-existent trade secret, and the trivial trade secret could and often was improperly used. For example, Ninth Circuit Judges noted in a recent anti-trust case, *A & E v. Monsanto,* 396 F. 2d 710 (9th Cir. 1968):

> "The critical question in an anti-trust context is whether the restriction may fairly be said to be ancillary to a commercially supportable licensing arrangement, or whether the licensing scheme is a sham set up for the purpose of controlling competition while avoiding the consequences of the anti-trust laws.
>
> "In these cases complicated world-wide networks of cross-licensing agreements were struck down as subterfuges enabling the participants to divide

> markets and fix pieces whil avoiding anti-trust laws. The courts found a lack of any true trade secrets or that what secrets existed were not sufficiently substantial to support restraints of such magnitude. The parties' intent, principally to restrain competition, was regarded as a critical factor. . . . It will depend upon *the existence and the extent of know-how or technology exclusively possessed* by Monsanto and within the knowledge of Evans and whether the substance of such technology may fairly be said to support ancillary restraints of the kind here involved." (Emphasis added).

For courts to administer justice in trade secret cases, plaintiff must promptly isolate, specify and identify the specific technology it claims as trade secrets and draw in technological terms clear and definite boundary lines between the permitted technology of the plaintiff's own patents and the plaintiff's own marketed products disclosure. The facts provide a unique test of 35 *U.S. Code* §112 requiring the patent applicant to disclose the best method of practicing his invention. The complaint admits that all of the trade secrets involved were known to it long before the patents issued and the employee left [R. 8], admits that the patents do not disclose a means for practicing the inventions with any commercial utility [R. 10-12]; that the disclosure has no commercial utility without knowledge of the trade secrets [R. 10-12]; and that the trade secrets were developed by plaintiff after the application dates of the patents, but long before their issue dates [R. 8]. The Supreme Court may never again be provided with a case which on its face so sharply tests the requirements of disclosure under 35 *U.S. Code* §112.

Most technologies can be adequately and lawfully discovered from the vast and ever-increasing resources of modern scientific literature, patent disclosures, and methods of analyzing the monopolist's marketed products. The technical personnel, however, is another matter. They must be specialists in the very field of the employer in order to compete. They must be assembled as a team having different professional skills and different levels in the executive hierarchy. It is commonly recognized that most competitiors in the fields of high technology could never have come into existence without recruiting personnel from the employer who first dominated the field.

A patent lawyer is informed by this Ninth Circuit opinion that he will best serve his client's interests by producing a patent whose disclosure is worthless as far as commercial utility is concerned and that he can meet the requirements of 35 *U.S. Code* §112 by disclosing a method which is nothing more than *a laboratory curiosity*. In most fields of high technology, the value of reserving the trade secrets of manufacture from the patent disclosure will far outweigh the possible risk of patent invalidation if the applicant can be assured that the claim of trade secrets, whether true or sham, will still be effective despite the disclosure requirements of United States Patent Law. The Court of Appeals has here provided that assurance.

Obviously, if trade secrets are totally non-existent, plaintiff's case is a sham. But it is equally a sham trade secret case where some trade secrets *do exist but are trivial*. If the trade secrets are trivial so that the defendants, if apprised of exactly their scope, could advise alternatives for lawful competition with the plaintiff or might never have used or intended to use those

trade secrets at all, then that is a sham trade secret case even though some trade secrets exist. Federal Rules 52(a) and 65(d) provide the two *ideal* instruments to prevent the sham trade secret case. The Ninth Circuit has here thrown these two instruments out of trade secret interlocutory injunction proceedings.

Where the plaintiff has a number of issued patents directed specifically at the product for which trade secret manufacturing processes are claimed and it is a fact of record that the trade secrets were known to the plaintiff at some time long before the issuance of the patent, the plaintiff has a heavy burden. He is confronted with two barriers in the Patent Law: *First,* it was required to make a disclosure which was operable and had utility to the U.S. Patent Office and it is estopped to deny that the disclosure was operable and had utility. *Secondly,* it must make a disclosure of the best method known to it for practicing the invention, and it is estopped to deny that the best method for practicing the invention as of the application date was disclosed in the patent application.

The patent applicant is estopped by patent disclosure requirements of 35 *U.S. Code* §112 from claiming as its trade secrets, manufacturing processes for the patented invention which it did not know at the time of the application but which it did learn long *before the patent issued.* Where the patent applicant learns after the filing of the application, but long before the issue date of the patent that the best method disclosed by the patent application is of no utility or of little commercial utility, the applicant should be required by the provisions and purposes of the Patent Law on operability (35 *U.S. Code* §101), on utility (35 *U.S. Code* §101), on disclosure of best method (35 *U.S. Code*

§112) to either amend his application or be estopped from claiming trade secret rights in the method *which is the best method* of practicing the invention.

The instant case relieves the District Court and all the state courts tempted to follow the Ninth Circuit, of any need to toil amongst the complexities involved. It provides a short, swift and fatal procedural formula, devoid of any reference whatever to the facts of this case or any other and devoid of any handling of the legal issues raised by defendants and so simple in its short form that any plaintiff with or without trade secrets may use it with some assurance that he may get an interlocutory injunction without specifying trade secrets and without dealing with the issues of fact or law.

The Court of Appeals revealed its complete confusion since it refers in its opinion to plaintiff's patent as a "design patent" which does not disclose a manufacturing process. It is true that the Federal Law of "Patents for Designs" 35 *U.S. Code* §171, contains no requirement that a design patent need reveal the best mode or any mode at all of practicing the invention. Indeed, a design patent does not need to make a "Claim" of any kind. *Levoy v. Styrite Optical Corp.*, (DCNY) 88 F. Supp. 497, 83 USPQ 521, affirmed 185 F. 2d 240.

The Court was not aware that the plaintiff's four patents are *not* "design patents" at all. All four are *utility patents* subject to the requirements of 35 *U.S. Code* §112, which has the two-pronged requirement:

> *First:* That "the specification shall contain a written description of the invention, and of the manner and process of making and using it, in

such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains or with which it is most clearly connected, to make and use the same, and" and

Secondly and separately from the first requirement: §112 then requires the additional disclosure: "shall set forth the best mode contemplated by the inventor of carrying out his invention."

The Court of Customs and Patent Appeals, more sophisticated than other courts in fields of high technology, has noted that the second portion has the sole purpose to restrain inventors from applying for patents while at the same time *concealing from the public preferred embodiments* of their inventions which they have in fact conceived. *In re Gay,* 309 F. 2d 769 (1962).

As early as 1817 Lord Eldon refused a non-specific trade secret injunction in *Newbery v. James,* 35 English Reports (Chancery) 1011 (1817) with comments peculiarly applicable here since claims were being made with respect to technology which was published in an expired patent, stating in part:

> "In this case the medicines in question were the subject of a patent which had expired; and the agreement which the bill sought to enforce was an agreement by which independently of the patent, the proprietors had entered into convenants not to sell that which was the subject of the patent, except to each other. But in order to support a patent the specification should be so clear, as to enable all the world to *use* the invention as soon as the term for which it has been granted is at an end. *Then with regard to the Analeptic pills, for which no patent had been procured, if the art and*

> *method of preparing them were a secret, what signified an injunction, the Court possessing no means of determining on any occasion whether it had or had not been violated?* This Court could do nothing but put the parties in a way to try their legal rights by an action. That was the utmost extent to which it would go, and he would not even order the Injunction to be continued in the meantime till an action should be tried. The only way by which a specific performance could be effected, would be by a perpetual injunction; but this would be of no avail, unless a disclosure were made to enable the Court to ascertain whether it was or was not infringed; for if a party comes here to complain of a breach of injunction, it is incumbent on him first to shew that the injunction has been violated." (Emphasis added).

(Lord Eldon concluded by denying the injunction and relegating the plaintiff to their remedy at law for damages.)

The issues raised by this petition must be determined at the interlocutory stage of the case as here presented since otherwise trade secret defendants no matter how innocent are barred by the injunction from practicing their skills, and will rarely be able to bear the costs necessary to survive the conclusion of trial, not to speak of the legal expense involved. Here, the injunctive order when coupled with the temporary restraining order has already lasted almost 2 years which is longer than many trade secret injunctions granted successful plaintiffs after a trial on the merits. Turner, *The Law of Trade Secrets*, London 1962, pages 427, 458; Milgrim, *Trade Secrets* (1967).

For those employees, engineers and scientists who can pay the expense of such litigation to its finish, injunction at the conclusion of the trial several years later is much more likely to be restricted to specifications and to the time required for independent discovery. However, by that time defendants have usually been destroyed as competitors since the non-specific trade secret injunction is ruinous to their business and makes it impossible to marshal a defense for the case within any reasonable time and within reasonable expense limits.

This important national commercial and industrial issue will never be determined if the court declines *certiorari* and jurisdiction at the interlocutory stage and always waits for judgment after trial. In the first place, the principal issue is the validity and indeed the constitutionality of a non-specific trade secret injunction. If such injunctions are tolerated at the interlocutory stage, trade secret plaintiffs will be on notice that the broad prohibition will be rewarded by protection far broader and probably for a longer duration than an injunction which might be awarded at the conclusion of the trial. Furthermore it should be noted that California law and *Federal Rules of Civil Procedure* 52(a) and 65(d) are designed to prevent all of this.

The court indicated that it did not know the specifics of the invisible material to be avoided but is prepared to administer severe punishment for contempt to the defendants if defendants appropriate any of the invisible stuff. From the Court of Appeals' opinion has come precisely the response adopted by the Emperor upon the request of the magical tailors—"it ill behooves the defendants . . ." to say they cannot see the

invisible material they are supposed to have stolen. *Tales of Hans Christian Anderson.*

The Ninth Circuit opinion was based upon a proposition of law wholly irrelevant to this case, that state confidential relationships law was not preempted by any federal law. The opinion then proceeded to give confidential relationship protection to *public domain technology*. The issue raised by the defendants' appeal was that plaintiff had not identified or supported any *protectible* technological subject matter and was granted a sweeping non-specific trade secret injunction.

Since the court has not determined what the trade secrets are that its existing injunction protects, it is postponing the day upon which the terms of the injunction will be determined until after the defendants have acted—and *they act at their peril,* since the plaintiff has drafted its so-called "trade secret" specifications so as to be a catch-all for *any method* for producing plaintiff's product. Defendants, their attorneys, their customers, their suppliers all are placed in peril by the evil of this non-specific trade secret injunction. They are intimidated into discontinuing competition, for however confident they are in their own innocence they must now come before a court enforcing its own unintelligible order, a court which would not compel plaintiff to specify with technological precision.

Existing federal and state law provides just and practical solutions if the courts are simply required to use them and enforce them. There is a burden on the plaintiff claiming trade secrets to make a prompt specification of the trade secrets he claims and to provide supporting evidence co-extensive with the scope of each trade secret defined. If the plaintiff is required to carry

this burden, the judiciary will be able to distinguish with facility between the bona fide and the fraudulent claims. The tendency of the courts to infer that behind every confidential relationship there *must* be trade secrets, and that since the same technology is used by the competing ex-employee it *must* contain some of these trade secrets, and that a non-specific trade secret injunction can be issued without specification or proof of the trade secrets, should be replaced by following existing federal and state law, procedural and substantive. This provides that the plaintiff must prepare its case with precision, be scrupulous in its claims and provide the supporting proof to enable the court to decide for itself whether each item is indeed beyond the ready ascertainment of those having the professional skills and expertise of these defendants.

Between the Ninth Circuit rule in this case that under California law *public domain technology* may be a "trade secret" if it was "confidentially disclosed" and the *Painton & Company Ltd.* case, *supra,* holding that *regardless of California contract law,* the dictates of the supremacy clause of the U.S. Constitution requires California courts to refuse to enforce *any* trade secrets once a patent issues, there can be no reconciliation and the broad national conflict exists. A patent applicant should be estopped from claiming trade secret rights in any manufacturing process comprising the best mode of practicing the invention of which he had knowledge up to the date of the granting of the patent. This would not bar him from filing another patent application on the manufacturing process if it had *patentable merit* if it were filed before making commercial use of the process for more than the statutory year permitted by U.S. Patent Law, 35 *U.S. Code* §102

(d). Anything less than this certainly results in grant of patent monopoly in high technology in exchange for nearly worthless patent disclosures. A patentee should be estopped from claiming as its trade secret the best mode of practicing the invention by mass production or otherwise on any manufacturing process known to the patentee or not prior to the close of prosecution of the patent application or prior to the issue date of the patent.

Once a device is patented, the patentee may not claim trade secret rights in any manufacturing process comprising the best mode of practicing the invention but must seek patent protection and patent protection only for the supposedly valuable manufacturing process. This should be settled to bring an end to the quagmire of trade secret cases (See Dorfer, "The Limits on Trade Secret Law Imposed by Federal Patent and Anti-Trust Supremacy", 80 Harvard L. R. 1432, 1439 (1967); "The Trade Secret Quagmire—a Proposed Federal Solution", 50 Minn. L. R. 1049, 1057 (1966)) and to insure the best high technology disclosures in patent applications to the United States Patent Office. *Lear v. Adkins* clearly prohibits State law from converting public domain technology into a "trade secret" and the existence of a "confidential relationship" does not change this rule and reconvert the public domain technology back into protectible technology. Otherwise State law of contracts conflicts with the supreme law of the land. All of the applicable rules apply harmoniously if existing mandatory law on prompt *specificity* is enforced.

Should two California cases involving similar questions reach different conclusions depending upon the United States District Court in which they originate?

The decision on facts involving interpretation of California law should not be so vastly different where the case originates in a United States District Court in New York City (*Painton, supra,* holding Constitutional patent clause and supremacy clause pre-empts state contract law on trade secrets) as compared with a case originating in Los Angeles (*Dekar v. BBC.* the case at bar) holding that *even public domain technology* can be enjoined on breach of a California employment contract on the "confidential relationship" theory and that the Constitutional patent clause and supremacy clause have no application.

For the foregoing reasons, Petitioners pray that this Petition for Certiorari to the U.S. Court of Appeals for the Ninth Circuit be granted.

Dated March 12, 1971.

Respectfully submitted,

MEYER BERKOWITZ, and
EDMOND F. SHANAHAN,
By MEYER BERKOWITZ,
Counsel for Petitioners.

APPENDIX.

Excerpts From Temporary Restraining Order Granted Without Notice Which Were Copied Into Recitals of Preliminary Injunction [R. 38, 39].

". . . It further appears to the Court that plaintiff makes a *prima facie* case for a Temporary Restraining Order and a Preliminary Injunction in the form hereinafter provided in that plaintiff shows (a) that it possesses certain valuable trade secrets; (b) that it has retained and still retains such trade secrets in confidence; (c) that defendant JOSEPH DEKEL had access to many of such trade secrets through his position as a trusted supplier of components for plaintiff and under a secrecy agreement; (d) that said DEKEL conspired with the other defendants and was instrumental in causing one GENE FRICK, a key employee of plaintiff with substantially full knowledge of plaintiff's said trade secrets, to leave plaintiff's employ and to join with the other defendants in conspiring to establish in Israel manufacturing facilities, through a subsidiary of the two corporate defendants, to use plaintiff's secret methods and techniques, without plaintiff's consent and in unfair competition with plaintiff, making and selling electrolytic cells; and (e) that plaintiff's claim for relief against said unfair competition is related to plaintiff's claim for patent infringement asserted in the FIRST CLAIM FOR RELIEF in the verified complaint filed herein so that this Court has jurisdiction of plaintiff's claim for unfair competition. . . ."

EXCERPTS FROM TEMPORARY RESTRAINING ORDER

Order for Preliminary Injunction.

United States District Court, Central District of California.

The Bissett-Berman Corporation, a California corporation, Plaintiff, vs. Dekar Industries, Inc., a California corporation, A & E Plastik Pak Co., Inc., a California corporation, Joseph Dekel and Yehochai Schneider, Defendants. Civil Action No. 69-855-DWW.

The matter having come before the Court on August 11, 1969, pursuant to the Order to Show Cause entered May 5, 1969, as subsequently continued by Stipulation of the parties and Orders of the Court pursuant to said Stipulation, plaintiff being represented by ELLSWORTH R. ROSTON, WILLIAM H. PAVITT, JR., CHARLES H. SCHWARTZ and BRUCE P. EBERT, ESQUIRES, and defendants being represented by MEYER BERKOWITZ, EDMOND F. SHANAHAN and STUART W. WOHLGEMUTH, ESQUIRES, and the Court having considered the Verified Complaint filed herein and Exhibits A, B and C annexed thereto, the affidavits filed May 5, 1969, plaintiff's First Amended Complaint, the further affidavits of Ellsworth R. Roston and James P. Callahan, and plaintiff's memoranda of points and authorities filed May 5, 1969 and August 7, 1969, and the Court having further considered the numerous affidavits and memoranda submitted on behalf of defendants, and having heard oral arguments presented on August 11, 1969, on behalf of the parties; and it further appearing to the Court that plaintiff has shown specifically that:

(a) plaintiff possesses certain valuable trade secrets;

(b) plaintiff has retained and still retains such trade secrets in confidence;

(c) defendant JOSEPH DEKEL had access to many of such trade secrets through his position as a trusted supplier of components for plaintiff and under a secrecy agreement;

(d) that one Gene Frick, a key employee of plaintiff and a person entrusted by plaintiff with full knowledge of plaintiff's trade secrets left plaintiff's employ to join with the other defendants in establishing in Israel manufacturing facilities, through a subsidiary of the two corporate defendants, to use, and said DEKEL and FRICK have used plaintiff's trade secrets and techniques hereinafter described, without plaintiff's consent and in unfair competition with plaintiff, in making and selling certain electrolytic cells; and

(e) plaintiff's claim for relief against said ununfair competition is related to plaintiff's claim for patent infringement asserted in the FIRST CLAIM FOR RELIEF in the Verified Complaint filed herein so that this Court has jurisdiction of plaintiff's claim for unfair competition; and

it further appearing to the Court that plaintiff will be greatly prejudiced and irreparably damaged by defendants' engaging in further acts in execution of their said conspiracy unless this Court shall issue a Preliminary Injunction, enjoining defendants' alleged unfairly competitive acts until this case may be tried and determined by the Court; and good cause appearing;

IT IS ORDERED that defendants, their agents, employees, attorneys and those in privity with them, in-

cluding any company, domestic or foreign, owned or controlled by any corporate defendant herein, and each of them, be and are hereby enjoined, pending the trial of this action and its determination by this Court, and conditioned upon plaintiff's posting a bond of $250,-000.00 with the Clerk of this Court, from:

1. Shipping out of this jurisdiction any tooling or equipment made by or for defendants DEKEL or SCHNEIDER or defendant DEKAR INDUSTRIES, INC., (hereinafter designated as "DEKAR") or defendant A & F PLASTICK PAK CO., Inc., (hereinafter designated as "A & E"), or any company owned or controlled by any defendant, which tooling or equipment has been made for use in producing or assembling any components for electrolytic cells of plaintiff, or electrolytic cells similar to any such cells heretofore made by or for or assembled by or for plaintiff, utilizing any trade secret of plaintiff.

2. Shipping out of this jurisdiction any electrolytic cells similar to any such cells, or any components thereof, heretofore made or assembled by defendants DEKEL or DEKAR for plaintiff, which cells are manufactured by usin the trade secrets of plaintiff as specified in Paragraph 4 hereof.

3. Making or assembling anywhere in the world any electrolytic cells, or components thereof, similar to any such cells or components heretofore made or assembled for plaintiff by defendants DEKEL, SCHNEIDER, DEKAR or A & E or any companies owned or controlled by any defendants, which cells are manufactured by using the trade secrets of plaintiff as specified in Paragraph 4 hereof.

4. Conveying to any third party, including DEKEL INDUSTRIES, LIMITED, or receiving from GENE FRICK (hereinafter designated as "FRICK"), or inducing FRICK to disclose to any third parties, including DEKEL INDUSTRIES, LIMITED, or using in any way, either directly or through third parties such as DEKEL INDUSTRIES, LIMITED, any of the methods and techniques which constitute trade secrets of plaintiff and were developed by BISSETT-BERMAN in connection with the production in volume on a continuous basis of electrolytic cells with satisfactory and reliable and predictable characteristics, such methods and techniques constituting those:

A. For producing on the anodes of the cells a gold surface capable of being plated accurately with silver and subsequently deplated in a controlled and predictable manner of such silver;

B. For preparing the surface of the gold-plated anodes of the cells prior to the plating of silver on the gold;

C. For plating silver on the anodes of the cells, so that the silver plating is reproducible, highly adherent, dendrite-free, accurate in quantity and coulometrically accurate in the controlled rate at which the silver is transferred from the anode, and also including special equipment developed by BISSETT-BERMAN for producing such silver plating, where such equipment or use thereof is, or involves the practice of, a trade secret of plaintiff, BISSETT-BERMAN.

D. For treating components to prevent the formation of dendrites in the electrolytic cells, and

including special equipment developed by BISSETT-BERMAN for so treating components to prevent the formation of dendrites in the electrolytic cells;

E. For removing contaminants in the electrolytic cells and particularly for removing contaminants from, and cleaning, the surfaces of the anodes and the cathodes before the anodes and the cathodes are assembled to form the electrolytic cells, and including special equipment for so removing such contaminants;

F. For stabilizing the electrolytic cells after the anodes and cathodes have been assembled to form the cells.

5. Providing or arranging for any financing, either directly or indirectly, to FRICK or DEKEL INDUSTRIES, LIMITED, or any other instrumentality to develop, manufacture or market electrolytic cells by the use of plaintiff's secret methods and techniques and special equipment as specified in Paragraph 4 hereof.

6. Taking any further steps to complete the establishment of any manufacturing facilities in the United States or anywhere else in the world, including Israel, to manufacture and/or assemble any electrolytic cells, or components thereof, by using the trade secrets of plaintiff relating to methods and techniques and special equipment for manufacturing electrolytic cells, as specified in Paragraph 4 hereof.

Provided, however, that nothing in this order shall be interpreted to prohibit defendants from competing with plaintiff in the United States and throughout the

world in the manufacture and sale of electrolytic cells similar to those marketed by plaintiff, by using methods and techniques of manufacture other than plaintiff's trade secrets, including, but not limited to:

(a) all information contained in issued United States and foreign patents of plaintiff and others;

(b) all information, ascertainable by examination of electrolytic cells or equipment marketed by plaintiff or others;

(c) all methods, techniques, which are ascertainable by examination of equipment which is on sale to the public by commercial sources;

(d) all methods, techniques and equipment disclosed in published technical or scientific literature other than confidential literature of plaintiff;

(e) professional skills and knowledge of Joseph Dekel, Gene Frick and others, where said skill and knowledge does not involve use or disclosure of trade secrets of plaintiff as specified in Paragraph 4 hereof; and

(f) Methods and techniques of plaintiff which have ceased to be trade secrets of plaintiff, by virtue of unlimited disclosure to others, or independent, lawful discovery by others, which discovery has had unlimited disclosure to others.

Provided, however, that nothing in this Order shall be interpreted to limit any rights that plaintiff may have under any patents issued now or in the future in the United States or foreign countries.

DATED: September 17, 1969.

/s/ David W. Williams
United States District
Judge

Opinion of the United States Court of Appeals for the Ninth Circuit.

United States Court of Appeals for the Ninth Circuit.

Dekar Industries, Inc., a California corporation, A & E Plastik Pak Co., Inc., a California corporation, Joseph Dekel and Yehochai Schneider, *Appellants,* v. The Bissett-Berman Corporation, a California corporation, *Appellee.* No. 25,117.

[November 19, 1970]

Appeal from the United States District Court for the Central District of California

Before: HAMLEY and KOELSCH, Circuit Judges, and *PLUMMER, District Judge.

KOELSCH, Circuit Judge.

Appeal from an order of the district court granting plaintiff (appellee herein) a preliminary injunction restraining defendants (appellants) from misusing plaintiff's alleged trade secrets pending determination of plaintiff's combined actions for unfair competition and patent infringement.[1]

Paragraph numbered "(4)" of the preliminary injunction describes plaintiff's trade secrets as methods and techniques of manufacture of electrolytic cells (coulometers) in quantity and with reliable characteristics. The methods and techniques in turn are described as

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*Honorable Raymond E. Plummer, Chief Judge, United States District Court, Anchorage, Alaska, sitting by designation.

[1]The district court had pendent jurisdiction over the unfair competition claim. (28 U..C. §1338(b)).

those for preparing and plating the anodes of electrolytic cells to insure accurate deplating, treating the components to prevent the formation of dendrites in the cells, cleaing the cells of contaminants and stabilizing the cells after assembly. The Specific trade secrets are not set forth.

Paragraphs numbered "(1)" through "(6)" enjoin defendants from shipping tooling, equipment, electrolytic cells or components anywhere in the world, from establishing manufacturing facilities or arranging financing to produce cells and from disclosing to other persons information concerning the construction of such cells. These acts are enjoined only insofar as they relate to the use of plaintiff's trade secrets. Any acts not involving such secrets are expressly permitted.

Defendants seek to have the order granting the preliminary injunction set aside on the grounds that plaintiff failed to identify any trade secrets, that the district court failed to comply with Rules of Civ. P. 52(a) and 65(d), that the district court abused its discretion in granting the preliminary injunction, and that defendants were denied due process in that the district court refused to require plaintiff to allege, or otherwise inform them, of its asserted trade secrets prior to the hearing.

The district court found not only that plaintiff possesses a qualified property right in the aforesaid secrets, but also found that the defendant Dekel and one Gene Frick, plaintiff's former employee, gained knowledge of the secrets from plaintiff in confidence; that all the defendants and Frick have entered into a conspiracy to wrongfully exploit these secrets and are pres-

ently engaged in carrying it out, all to plaintiff's irreparable economic injury.

These findings, in our estimation, fairly comport with all requirements of Rule 52(a); they provide "a clear understanding od the basis of the trial court's decision, and . . . enable [us] . . . to determine the ground on which the trial court reached its decision." *Irish v. United States*, 225 F.2d 3, 8 (9th Cir. 1955);[2] in addition, they have support in the evidence and are not clearly erroneous.[3]

Nor does the record manifest any fact or circumstance that at this stage of the proceeding would constitute the award of preliminary injunctive relief an abuse of the district court's broad discretion. The design patent granted plaintiff for the cell itself affords no bar, because it does not cover mass production methods which are the secrets. *Components for Research, Inc. v. Isolation Products, Inc.*, 241 C.A.2d 726, 730, 50 Cal.Rptr. 829 (1966). And although Frick himself may have developed some of the secrets, he gave plaintiff a written covenant not to use or disclose them, and this covenant also extends to those whom the court held were conspirators. *Servo Corp. of America v. General Electric Co.*, 337 F.2d 716 (4th Cir. 1964), cert. denied, 383 U.S. 934, reh. denied, 384 U.S. 914; *Winston Research Corp. v. Minn. Mining & Mfg.*

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[2]Additionally defendants urge a local district court rule, supplementary to Rule 52(a) which relates to matters of form. The questioned findings are in substantial compliance.

[3]Production techniques permitting commercially feasible manufacture are within the generally accepted definition of trade secrets. 4 Restatement of Torts § 757; Components for Research, Inc. v. Isolation Products, Inc., 241 C.A.2d 726, 728-729, 50 Cal.Rptr. 829 (1966) (stating applicable California law).

Co., 350 F.2d 134 (9th Cir. 1965). Nor do the Sears-Compco rules[4] prevent equitable relief for the misuse of trade secrets by those who are bound by a confidential relationship or by an express or implied agreement to maintain secrecy. *Servo Corp. of America v. General Electric Co., supra,* 337 F.2d at 724-5.[5]

The injunctive order adequately meets the requirements of Rule 65(d) that it be "specific in terms" and describe "in reasonable detail" the acts sought to be restrained. Defendants are fairly informed—by paragraph 4 of the order—that the techniques are those employed by plaintiff, with respect to particular components of the cells, at certain clearly specified stages in their manufacture and to achieve particular results. A similar form of description was used in the order upheld by this court in another trade secret case [*Winston Research Mfg. Corp., supra*], and we deem the description here sufficient. Moreover, Frick, the skilled electro-chemist, and Dekel, the expert tool and die maker, admittedly played major roles in plaintiff's extensive program of research and development that culminated in plaintiffs adopting peculiar methods of processing and manufacturing of cells. It ill behooves Dekel and those in privity with him to now assert they do not know. *Ungar Electric Tools, Inc. v. Sid*

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[4]Compco Corp. v. Day-Brite Lighting Inc., 376 U.S. 234 (1964); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964).

[5]The same observation is valid with reference to two other cases urged upon us by defendants—Lear, Inc. v. Adkins, 395 U.S. 653 (1969) and Beckman Instruments, Inc. v. Technical Development Corp., ... F.2d ..... (7th Cir., Nos. 17835, 17836, September 4, 1970)—in both, the claims rested on "straight copying," no confidential relationship was involved.

Ungar Co. Inc., 192 Cal.App.2d 398, 404, 14 Cal. Rptr. 268 (1961).[6]

Defendants' due process contention borders on the frivolous. In addition to the facts alleged in the complaint—if more were needed—defendants were also informed in advance of the hearing of the specifics of the claims through plaintiff's answers to numerous interrogations and requests for admission, and by affidavits supporting the motion for the preliminary injunction.

The remaining errors asserted by defendants are without merit and so lacking in substance that they do not warrant discussion.

In sum, we conclude that the injunctive order is valid, and the order is affirmed.

IT IS SO ORDERED.

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[6]Comparison of this order with the one held invalid in E. W. Bliss Co. v. Struthers-Dunn, 408 F.2d 1108 (8th Cir. 1969), a decision heavily relied upon by defendants tends to support the validity of our conclusion. In Bliss the lower court found simply that plaintiff possessed trade secrets embodied in described electronics devices developed by Bliss. The Court of Appeals, noting that the devices themselves did not constitute the trade secrets, declared: "these new or different concepts are not specified in the findings of fact or discernible from the context of the order. . . ." In the instant case the district court specified particular production techniques with respect to particular components and stages of assembly.

Order on Petition for Rehearing.

United States Court of Appeals for the Ninth Circuit.

Dekar Industries, Inc., a California corporation, A & E Plastik Pak Co., Inc., a California corporation, Joseph Dekel and Yehochai Schneider, Appellants, vs. The Bissett-Berman Corporation, a California corporation, Appellee. No. 25117.

Filed: Dec. 17, 1970.

Before: HAMLEY and KOELSCH, Circuit Judges, and PLUMMER, District Judge

The panel, as constituted in the above case, has voted to deny the appellants petition for rehearing and to reject the suggestion for a rehearing in banc.

The full court has been advised of the suggestion for an in banc hearing, and no judge of the court has requested a vote on the suggestion for rehearing in banc.

The petition for rehearing is denied and the suggestion for a rehearing in banc is rejected.

Colloquy Between Court and Counsel on Denial of Third Motion for Specificity, January 19, 1970.

Excerpt from Appendix of Appellant's Reply Brief filed in Court of Appeals.

THE COURT: Now there is still another motion. Why is it that you are bringing a third motion for matters that have been passed on by the court?

MR. BERKOWITZ: This goes to a matter that actually is probably going to be heard by the Ninth Circuit, that is, it is going to be involved not in the appeal that is pending before the Ninth Circuit but it has been involved here twice before.

THE COURT: Shouldn't I let it be up to the Ninth Circuit now that I have had two cracks at it?

MR. BERKOWITZ: We would leave it up to the Ninth Circuit but what it is doing to our actual conduct of the case, we cannot wait for the Ninth Circuit to proceed with our discovery, the framing of issues and the preparation ultimately of a pretrial order and a trial. So we are not seeking to batter your Honor with three motions on the same subject, what we are trying to really do is handle it so you can have proper discovery and also perhaps try to understand better the injunction which has already been ordered.

We have a situation here where we believe it is so sincerely that what is happening is this, the plaintiff is going to defer and is deferring telling us what their contentions are as long as is possible so it can be loose. We cannot prepare this case unless we know what the contentions of the trade secrets are. And your Honor knows that there is a sealing order so that no one sees the things besides the parties and the lawyers so the

proper protection has been ordered. That is behind us. Everything is under seal.

We are talking now about the preparation of the case. Let's just take Sel-Rex BDT, a cleaning product that is commonly sold over the counter, they claim that that is a trade secret. Sel-Rex BDT couldn't possibly be a trade secret. It is known to every person in the plating business. As soon as we got a hold of it we exposed it. We want to expose every contention that they make, and we can. But if they come at the trial—the moment we expose away something, they say, we are not going to rely on that, we have a thousand others in a book similar to the book in the previous argument in another case held up—we will come up with a thousand more that are in this book that we have of our products.

Now the reason that that is wrong is this, the methods that a plater uses or that a person uses in a factory, whether they are making pottery or ceramics or electrolytic cells or baking a cake, you cannot appropriate that unto yourself as your private property and exclude others from making it.

Our country fosters competition. It encourages men to leave their employment and found companies of their own. That is the reason Wooldridge left Hughes Aircraft and formed Ramo-Wooldridge, and that is why Mr. Frick and Mr. Dekel broke up their relationship with Bissett-Berman. That is the way this country has become strong. We have no apology against competition and against people leaving the boss and starting their own business. And what is left with the boss and what goes to the employee is a very important thing,

and that goes to the heart of our case, what did Bissett-Berman have the right to take away from Frick and Dekel, and what did Dekel and Frick have the right when they left Bissett-Berman.

That is the reason for the motion here for the third time. That is the question that will be before the Court of Appeals, where we contend tht there is no specifics in the injunction, namely, can we continue depositions, can we make a pretrial order, if every time we do they raise the trade secret proposition. We can say, well, all right, that is in the public domain, but here is a thousand other ones.

What that does do, your Honor, is this, it means that the court has to become the expert in this field instead of allowing us to do the work and letting us have the pretrial orders and letting us have the briefs and isolating the issues to something triable so we can put on evidence with witnesses and proper documentation from the Patent Office and from the various depositories of this information around the world which show what is in the public domain in Germany and in Japan and other high technoligical countries. We would like to put this before you. However, this puts it into your Honor's lap, which we don't believe is the proper function, with all due deference to your Honor. We think the defendant has to make that search for you. We have one crack at that and they are going to tell us what is this technology that we are excluded from, we have one crack at it, we get it ready for trial and we bring it in, in proper digestible form.

But if the case remains the way it is then the trial becomes an uncontrollable morass of undefinable items

which I don't think anybody or any jury or any court can properly pass upon.

So the reason we are bringing in before you again this motion, it costs a lot of money to the lawyers to proceed with discovery and it becomes prohibitively expensive when you don't know the issues and in each deposition bad feelings arise between counsel because we say, do you claim that that is a trade secret or something you claim you own or that we can do, and we say that we can bake a cake a thousand different ways, which is not the way that you say is yours exclusively, with a difference of oven temperature, with a difference of time of temperature, and if you say that is yours exclusively we are going to do ours in a different way, we don't want to do what you do but we can still bake a cake, and don't tell us that you have the exclusive right to bake cakes.

THE COURT: *What protection does the other party have after such disclosure?*

MR. BERKOWITZ: *Complete protection because it is filed and sealed.*

THE COURT: *It is what?*

MR. BERKOWITZ: *The file is sealed and there is no one who will have access to this information.*

THE COURT: *Except you.*

MR. BERKOWITZ: *They claim that if we have it that our clients will see it. Would I disclose this? I am under orders of the court not to disclose it. Therefore I would not.*

THE COURT: I think I am going to let that order stand where it is. If I am wrong it will not be the first time that the appellate court has told me so. But I think this has been before us enough and I am going to let that order stay where it is.

That then means that I think we have decided the three matters that are before the court.

(Emphasis added)

Assignment of Inventions Agreement.

IN CONSIDERATION for the wages to be paid to the undersigned Employee by THE BISSETT-BERMAN CORPORATION (hereinafter referred to as "Bissett-Berman") and for other valuable consideration, receipt of which is hereby acknowledged, the Employee agrees as follows:

1. Employee shall assign to Bissett-Berman all of his domestic and foreign right, title and interest to each invention, improvement, discovery and idea made or conceived alone or jointly with others in any field of interest to Bissett-Berman during his employment by Bissett-Berman, whether or not made or conceived during regular working hours or on Bissett-Berman premises.
2. Employee shall promptly and fully disclose to Bissett-Berman each invention, improvement, discovery and idea made by him as specified in paragraph 1 above and in accordance with any procedures established by Bissett-Berman.
3. Without charge to Bissett-Berman, Employee shall execute and deliver all documents and perform all acts deemed necessary by Bissett-Berman to enforce the rights of Bissett-Berman to each of such inventions, improvements and discoveries, including all matters relating to the filing and prosecution of patent applications and the full assignment of title to patent applications or patents.

4. Employee shall leave with Bissett-Berman as the property of Bissett-Berman all copies of records, technical data, and the like which relate to research and development of products and which have been prepared or received by Employee during his employment with Bissett-Berman. All information acquired by Employee under this Agreement other than information available to the general public or previously known to Employee prior to this Agreement shall be acquired and retained in confidence solely for the furtherance of the business of Bissett-Berman under this Agreement. Employee shall disclose such information only to authorized Bissett-Berman personnel during this Agreement or after termination of this Agreement.

5. This Agreement shall be binding upon and shall enure to the benefit of the subsidiaries, successors, and assigns of Bissett-Berman and to the heirs, successors, executors and administrators of Employee.

6. This Agreement shall replace any agreements made by Employee with Bissett-Berman Concerning rights similar to those covered by this Agreement.

Name: /s/ Gene Frick

Date: May 3, 1965

Witness:
[ILLEGIBLE]

The Bissett-Berman Corporation
2941 Nebraska Avenue
Santa Monica, California 90406

Confidential Disclosure and Invention Agreement.

In consideration of the issuance of purchase orders, now or hereafter, by The Bissett-Berman Corporation, hereinafter termed "BBC", and the submission to us by BBC of disclosures of BBC proprietary developments pertaining to electrolytic cells, hereinafter designated as E-Cells for the purpose of performing work for BBC for the manufacture of such E-Cells and/or E-Cell parts and for the design of special equipment to manufacture such E-Cells or parts of such E-Cells, we agree to hold confidential all disclosures previously or hereafter made by BBC to us, and we will not, without BBC's written permission, (1) disclose to others any of the disclosures made, or (2) use any information contained or suggested by the disclosures made for the use or benefit of ourselves or any third party.

In consideration for the purchase orders, now or hereafter, issued by BBC to us for the performance of work by us for BBC, we agree to assign or to have assigned to BBC all right, title and interest in and to any inventions or improvements, which we have made or acquired, or hereafter may make or acquire, in the field of electrolytic cells for a period of three years from the date of this agreement or a period of one year after the last purchase order from BBC, whichever shall occur first.

Dekar Ind. Inc.
/s/ By Josh Dekel
Title President
Date 27 October 1966

EXHIBIT 6

DEKAR INDUSTRIES INC. AGREEMENT.

Constitutional Provisions and Statutes.

U. S. CONSTITUTION, ARTICLE I, SECTION 8, Clause 8:

"Section 8. The Congress shall have power . . .

". . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries; . . ."

U. S. CONSTITUTION, FIFTH AMENDMENT:

"No person shall be held . . . nor shall any person . . . be deprived of life, liberty, or property, without due process of law; . . ."

U.S. CONSTITUTION, AMENDMENT XIV, SECTION 1: (Second sentence, second part thereof)

". . . nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Title 15 *U.S.C.A.* §1:

"Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal. . . ."

Title 15 *U.S.C.A.* §2:

"Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor . . ."

Title 15 *U.S.C.A.* §3:

"Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, is declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court."

Title 35 *U.S. Code* §101:

"Invention Patentability—Whoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement therefor, may obtain a patent therefor, subject to the conditions and requirements of this title."

Title 35 *U.S. Code* §102:

"Conditions for patentability; novelty and loss of right to patent—A person shall be entitled to a patent unless—

(a) the invention was known or used by other in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the application for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other."

Title 35 *U.S. Code* §103:

"Conditions for patentability; non-obvious subject matter—A patent may not be obtained though

the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Title 35 *U.S. Code* §112:

"Specification—The specification shall contain a written description of the invention, *and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.* (Emphasis added).

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. A claim may be written in independent or dependent form, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.

An element in a claim fo a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts described in the specification and equivalents thereof."

California Civil Code §983:

"Compositions in letter or art, publication; inventions or designs, effect of making public . . . (b) If the owner of any invention or design intentionally makes it public, a copy or reproduction may be made public by any person, without responsibility to the owner, so far as the law of this State is concerned."

California Business and Professions Code §16600:

"Invalidity of contracts—Except as provided in this chapter, every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void."

SUPREME COURT, U. S.

IN THE

Supreme Court of the United States

October Term, 1970
No. 1463

DEKAR INDUSTRIES, INC., A & E PLASTIK PAK CO., INC., JOSEPH DEKEL and YEHOCHAI SCHNEIDER,
Petitioners,

vs.

BISSETT-BERMAN CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

BRIEF FOR RESPONDENT IN OPPOSITION.

CHARLES H. SCHWARTZ,
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IN THE

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Petitioners,

vs.

BISSETT-BERMAN CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

BRIEF FOR RESPONDENT IN OPPOSITION.

Opinions Below.

The opinion of the District Court appears in the Appendix to the Petition at pages 2-7. The opinion of the Court of Appeals for the Ninth Circuit affirming the order for preliminary injunction is reported at 434 F. 2d 1304 and appears in the Appendix to the Petition at pages 8-12. The order denying a rehearing appears in the Appendix to the Petition at page 13.

Jurisdiction.

The jurisdictional requisites are adequately set forth in the petition.

Question Presented.

Whether actual conflict exists, as stated by petitioners, with other circuits on the issues, with applicable decisions of this Court, with Federal patent law and policy, with Federal antitrust law, with constitutional rights of petitioners or with applicable California law, or are petitioners merely alleging that the District Court and the Court of Appeals for the Ninth Circuit are in error in their application of the law to the specific facts of this litigation.

Constitutional Provisions and Statutes Involved.

The pertinent portions of the United States Constitution and Federal and California statutes are set forth in the Petition at page 3 and are quoted in the Appendix to the Petition at pages 21-25.

Statement.

Petitioners have presented at pages 2 and 3 of the Petition five questions which are stated to be presented for review. Also, on pages 12 through 39 of the Petition, the petitioners discuss six alleged areas of conflict with other authorities and state that these areas of conflict are present in this case. Stripping away the verbiage of the questions and alleged areas of conflict actually leaves a situation where the petitioners are unhappy with the decision of the District Court and of the Court of Appeals for the Ninth Circuit and disagree with these decisions and with the application of the law to the specific facts of this litigation.

Petitioners' "statement of the case" is superficial from the standpoint of providing this Court with factual background in which the District Court granted the Order for Preliminary Injunction, which was affirmed by the Court of Appeals for the Ninth Circuit. The Court's attention is directed to pages 5 through 36 of respondent's (appellee's) brief before the Court of Appeals for the Ninth Circuit. These pages fully describe the facts relative to this litigation, which facts are fully supported by references to the Record.

Respondent also presented to the District Court, prior to the hearing on the Preliminary Injunction, a Supplemental Memorandum in Support of the Order for Preliminary Injunction, and in that Supplemental Memorandum respondent fully reviewed the factual basis with reference to particular deposition testimony and to affidavits to support the Order for Preliminary Injunction.

In its brief before the Ninth Circuit and in the Supplemental Memorandum before the District Court, respondent fully described and supported, with references to the Record, the following areas:

Respondent's development of its electrolytic cells and its methods and techniques and special equipment for manufacturing such electrolytic cells on a continuous basis in volume and with predictable and reliable characteristics (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 7, 8, 11-13, 15 and 35, supported by the following Record citations: R.

601-604, 608-614, 670-683, 703, 704, 759-762, 772-787, 791-805, 811, 812, 824-826, 832-834, 890, 935-937, 1042, 1043, 1048-1050);

The backgrounds of respondent's former supplier, Dekel, and Respondent's former key employee, Frick, in the area of electrolytic cells (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 12-16, supported by the following Record citations: R. 575, 600-607, 615-622, 679, 682-687, 703-705, 717, 765, 794-797, 946-1041);

The plan of the former supplier and former employee to make in Israel, under the direction of the former employee, electrolytic cells substantially identical to those made and sold by respondent and to use methods substantially identical to those used by respondent (593, 594, 645-648, 654, 655, 662-665, 699, 700, 738-746; 835-850, 856-875, 881-883, 890-899, 900-934, 1061, 1062);

The obtaining of financing by the former supplier, Dekel, from the Israeli Government with the knowledge and help of the former employee and of a further defendant, Schneider (R. 595, 640-642, 644, 648-654, 656-661, 836, 851-853, 855, 872-880, 1058);

The actual procurement and appropriation by Dekel and Frick of materials, parts and equipment to make electrolytic cells within a very short order of time in February, 1969, immediately after Frick's resignation from respondent's employ (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 11,

12, supported by the following Record citations: 576-592, 629-637, 639, 666-669, 718, 724-726, 729-734, 749-751, 754, 788, 938-945, 1044-1046);

Particular examples of proprietary information used by Dekel and Frick in manufacturing electrolytic cells in February, 1969, in the United States and to be used in Israel for the further manufacture of electrolytic cells (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 22-28, 30-33, supported by the following Record citations: R. 551-555, 580, 623, 624, 626-628, 635, 637, 688-691, 696-699, 719-723, 727-730, 735-737, 754-756, 758, 781, 806-819, 825-831, 885-889, 938-945); and

The methods and techniques for manufacturing such electrolytic cells on a continuous basis in volume and with predictable and reliable characteristics do not constitute public knowledge and are not described in any publications or patents (Respondent's Brief before the Court of Appeals for the Ninth Circuit, pages 40-45a, supported by the following Record citations: R. 550-556).

ARGUMENT.

The Petition is voluminous and includes many arguments not pertinent to the Petition for the Writ of Certiorari. In order to simplify this opposition, respondent will answer the five questions on pages 2 and 3 of the Petition and briefly discuss the six areas of alleged conflict appearing on pages 9 through 39 of the Petition.

Question 1. The Order for Preliminary Injunction is not an exception to Federal Rule of Civil Procedure, Sec. 65(d), since the Order for Preliminary Injunction describes in reasonable detail and not by reference to the complaint or other document the acts sought to be restrained. Paragraph 4 of the Order restrains petitioners' use of particular methods and techniques of respondent in connection with the production in volume on a continuous basis of respondent's electrolytic cells. The Court of Appeals for the Ninth Circuit has clearly held that the acts sought to be restrained are specified in reasonable detail. As the Court of Appeals stated:

> "Defendants are fairly informed—by Paragraph 4 of the Order—that the techniques are those employed by plaintiff with respect to particular components of the cells at certain clearly specified stages in their manufacture and to achieve particular results."

Question 2. The District Court has found that respondent possesses certain valuable trade secrets and that respondent has retained and still retains such trade secrets in confidence and that the Order for Preliminary Injunction does set forth the acts to be prohibited, which acts include the use of the specific trade secrets. Moreover, the Court of Appeals for the Ninth Circuit has held that the petitioners are fully aware of respond-

ent's methods of processing and manufacturing of the electrolytic cells and that petitioners have been informed in advance of the hearing before the District Court of the specifics of the claims by respondent's answers to numerous interrogatories and requests for admissions and by affidavits supporting the motion for preliminary injunction. There is no conflict with any decisions in any other circuits since petitioners have not been prohibited the use of well known techniques of mass production but have been prohibited only the use of respondent's methods and techniques which have been held to be trade secrets. Petitioners have merely set up a fictitious issue and then have claimed that this provides a conflict.

Question 3. In filing its patent applications, respondent has fully complied with the Patent Laws and included in the patent applications a written description of the invention and of the manner and process of making and using the invention in full clear, concise and exact terms so as to enable any person skilled in the art to make and use the same, and respondent has set forth the best mode of carrying out the invention as contemplated by the inventor at the time of filing the patent applications. Petitioners seem to be advancing a proposition, unsupported by statute or cases, that patent applications should be continuously amended during their prosecution to include all later developments. It is obvious that such a proposition would be impractical and would also be barred by the practice of the Patent Office. It would be impractical since quite often improvements are made by parties other than the original inventors. Also, the amendments would be barred since the Patent Office does not permit amendments including new matter to be filed in patent applications.

Once an application is filed, an applicant cannot subsequently change the disclosure of the application except in accordance with Rule 118 of the Rules of the United States Patent Office (37 C. F. R. §1.118), which reads as follows:

> "Amendment of disclosure. In original applications, all amendments of the drawings or specifications, and all additions thereto, *must conform to at least one of them as it was at the time of the filing of the application.* Matter not found in either, involving a departure from or an addition to the original disclosure, cannot be added to the application even though supported by a supplemental oath, and can be shown or claimed only in a separate application." (emphasis supplied).

In other words, any addition or new matter to a patent application pending in the United States Patent Office can be made only by refiling the patent application or by filing a new patent application. It has always been held that the applicant make a full disclosure as he best knows *at the time he files his application,* not at the time the patent issues.

See:

Adams v. United States, 330 F. 2d 622, 626 (Ct. Cls. 1964) Aff'd 383 U.S. 39, 86 S. Ct. 708;

Benger Labs. Ltd. v. R. K. Laros Co., 209 F. Supp. 639, 644 (E.P. Pa., 1962), Aff'd 317 F. 2d 455, c. d. 375 U.S. 833;

Engelhard Industries, Inc. v. Sel-Rex Corp., 149 U.S.P.Q. 607, 610, 611 (D. N.J., 1966).

Question 4. The basis of the decision of the District Court resulting in the Order for Preliminary Injunction and the decision by the Court of Appeals for the Ninth Circuit upholding that Order has been that respondent has trade secrets and that they have been fully defined to petitioners and that they have been retained in confidence by respondent and that, to the best information of respondent, the trade secrets distinguish from non-trade secret technology. If petitioners have any information which would show that any of respondent's trade secrets are publicly known, they have an obligation to bring this information before the Court. Petitioners have not done so because respondent's trade secrets are not known to others and are not available to the public.

Question 5. The District Court and the Court of Appeals have clearly held that the acts to be restrained are described in reasonable detail in the Order for Preliminary Injunction and that the findings of fact and conclusions of law are sufficient for an understanding of the Order. This holding is in conformity with both Federal law and with California law. Accordingly, petitioners' quarrel is with the amount of detail contained in the Order for Preliminary Injunction.

It can be seen from a review of the five questions presented for review by petitioners that none of these questions involves any conflicts with existing law of this Court or any other court but that petitioners merely disagree with the decision of the District Court and the Court of Appeals for the Ninth Circuit and specifically disagree with the Courts' application of existing law to the specific facts of this litigation. Such a disagreement is not a proper ground for a petition for a writ of certiorari.

In regard to the six areas of conflict which are stated to be present in the petition, those areas will be discussed briefly.

1. Conflicts With Other Circuits on the Same Issues.

The Court of Appeals for the Ninth Circuit has held that the Order for Preliminary Injunction does contain findings which in its estimation fairly comport with all requirements of Rule 52(a), since they provide " 'a clear understanding of the basis of the trial court's decision, and . . . enable [us] . . . to determine the ground on which the trial court reached its decision.' *Irish v. United States,* 225 F. 2d 3, 8 (9th Cir. 1955);[2] in addition, they have supported in the evidence and are not clearly erroneous." Furthermore, the Court of Appeals for the Ninth Circuit has held that the injunctive order adequately meets the requirements of Rule 65(d) that the injunctive order be "specific in terms" and describe "in reasonable detail" the acts sought to be restrained. The Court of Appeals has further held that petitioners are fairly informed by paragraph 4 of the Order "that the techniques are those employed by plaintiff, with respect to particular components of the cells, at certain clearly specified stages in their manufacture and to achieve particular results." It does not appear that the Court of Appeals for the Ninth Circuit is in conflict with other circuits on the same issues. It appears, rather, that petitioners merely disagree with the application of the law by the Ninth Circuit to the specific facts of this litigation.

2. Conflicts With Applicable Decisions of This Court.

In a similar manner to that described above, it does not appear that the decision is in conflict with any decision of this Court. Again, petitioners merely are in disagreement with the application of the law to the specific facts. Basically, petitioners are under the impression that the Order for Preliminary Injunction must include all the details of the acts which are restrained. If this were to be done, the Order for Preliminary Injunction would no longer be a document which could be clearly understood but rather would become a manufacturing specification which would be unwieldy and difficult, if not impossible, for a court to administer. The Court of Appeals has rightly held that petitioners are to be fully informed in reasonable detail of the acts to be restrained but that those acts of necessity include considerable detail which is not present in the order and that petitioners have been fully informed of those details. This, the Court of Appeals has held, has been accomplished since both Frick, the former employee, and Dekel, the former supplier, have played major roles in respondent's extensive program of research and development that culminated in respondent's adopting particular methods of processing and manufacturing and that both Frick and Dekel were fully informed of such methods during their association with respondent. In addition, and more importantly, respondent, aware of its responsibilities in this matter, informed petitioner in advance of the hearing on the Order for Preliminary Injunction of the specifics by answers to numerous interrogatories and requests for admissions and by affidavits, deposition testimony and in its Supplemental Memorandum in Support of the Preliminary Injunction. The Order for Pre-

liminary Injunction does clearly state in reasonable detail the acts to be restrained.

3. Conflicts With Federal Patent Law and Policy.

There does not appear to be any conflict with *Lear v. Adkins* and the *Sears* and *Compco* cases of this Court. None of these cases holds that trade secrets may not be protected in an appropriate situation. Petitioners assume that the injunction covers acts which are not trade secrets. However, the District Court has held, and the Court of Appeals has affirmed, that respondent does possess certain valuable trade secrets and that respondent has retained and still retains such trade secrets in confidence and that petitioners, through Dekel and Frick, have had access to these trade secrets and that petitioners have used respondent's trade secrets and techniques without respondent's consent and in unfair competition with respondent.

4. Conflicts With Federal Antitrust Law.

There is no conflict with Federal antitrust law since the injunction does clearly specify the acts to be restrained and since the trade secrets have been clearly specified to petitioners.

5. Conflicts With Constitutional Rights of the Petitioners.

Quoting the Court of Appeals for the Ninth Circuit, it is stated:

> "Defendants' due process contention borders on the frivolous. In addition to the facts alleged in the complaint—if more were needed—defendants were also informed in advance of the hearing of the specifics of the claims to plaintiff's answers to numerous interrogatories and requests for admission and by affidavit supporting the motion for preliminary injunction."

On this basis, there is no conflict with any constitutional rights of petitioners.

6. Conflicts With Applicable California Law.

It is difficult to see where there is any conflict with applicable California law on trade secrets since the decision of the District Court as affirmed by the Court of Appeals for the Ninth Circuit appears to be fully supported by California cases. Specifically, *Components for Research, Inc., v. Isolation Products, Inc.*, 241 Cal. App. 2d 726, appears to be rather similar in facts to the present litigation and supports the decision in the present case. Also, *Winston Research Corp. v. Minnesota Mining and Manufacturing Co.*, 350 F. 2d 134 (9th Cir., 1965) also based on California law, appears to fully support the decision in the present litigation.

Conclusion.

It would appear that the petitioners have not raised any substantial ground which would show that the decision in the present litigation is in conflict with any law or statutes, either federal or state, or in conflict with any constitutional rights of the petitioners. Petitioners merely raise strong objections to the decision and do not agree with the application of the existing law to the facts of this litigation. Since this is not a sufficient ground for this Court to issue a writ of certiorari, the Petition for Writ of Certiorari should be denied.

Dated: April 9, 1971.

Respectfully submitted,

CHARLES H. SCHWARTZ,
ELLSWORTH R. ROSTON,
WILLIAM H. PAVITT, JR.,
Counsel for Respondent.

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IN THE

Supreme Court of the United States

October Term, 1970
No. 1463

DEKAR INDUSTRIES, INC., A & E PLASTIK PAK CO., INC., JOSEPH DEKEL and YEHOCHAI SCHNEIDER,

Petitioners,

vs.

BISSETT-BERMAN CORPORATION,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

REPLY BRIEF OF PETITIONERS FOR WRIT OF CERTIORARI.

ARGUMENT.

Petitioners, as additional reasons for granting the Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit, and in reply to the "Brief for Respondent in Opposition" hereby respectfully state as follows:

(1) The inferences and innuendos sought to be injected into the Record by Respondent (BBC) on pages 4 and 5 of its brief, should be clarified. Petitioners admittedly planned to compete with BBC and bought materials and supplies from public stores in order to do so. They openly sought financing and com-

municated their plans to BBC. The statement that Petitioners engaged in ". . . procurement and appropriation" found on page 4 of BBC's brief, is a false statement since these supplies could be purchased by anyone. No property of BBC was taken and the record citations reflect this. None of the "examples of proprietary information" referred to on page 5 of BBC's brief, reflect the use of any property or information which is exclusive to BBC and the best example of this contention is Sel Rex BDT, the so-called "trade secret" which is a publicly sold gold-plating bath.

(2) On page 9, BBC makes a false reference to "findings of fact and conclusions of law". It is undisputed and uncontroverted that the District Court never made findings of fact and never made conclusions of law and the reference in BBC's brief to such documents is a false reference.

(3) BBC's brief should be read in conjunction with its motion for secrecy of its sham "trade secret" Sel Rex BDT. BBC, in its motion for secrecy, informed the Supreme Court of the astounding contention that Sel Rex BDT, admittedly a commonly sold commonly known trademarked gold-plating bath, is one of its so-called "trade secrets", for the use of which Petitioners will be subject to imprisonment for contempt, since, as stated on page 2 of BBC's motion for secrecy: "This gold plating process has been held in the order for preliminary injunction to be included in Respondent's trade secrets". BBC's brief should be read and understood with reference to the only "trade secret" exposed to this Court since neither Sel Rex BDT nor any other specific trade secret claimed is specified by the injunction. Every piece of technology that BBC has claimed as a trade secret (claims which BBC would not even

dare to make before the technically oriented U. S. Patent Office) throughout the entire proceedings below, is of the same or lower caliber than Sel Rex BDT. Consequently, the Supreme Court may consider the Petition for Certiorari with the specific "trade secret" lurking behind the "blank check" terms of the injunction as revealed by Sel Rex BDT, the publicly sold, publicly trade-marked gold-plating bath. Sel Rex BDT strips away the tyranny of words and provides the Supreme Court with a view of the result of the abdication of the judicial function in the Courts below *and its effect upon the mobility of the nation's technicians, scientists and engineers from one employment to another.*

(4) Sel Rex BDT has thus crystallized all of the reasons for granting the writ set forth in the Petition. Denial of the Petition will allow to remain as law in the Ninth Circuit a new law of Federal injunctions and trade secret protection with no findings of fact or conclusions of law to comply with the mandatory Rule 52(a) and with the trade secrets" eliminated from the injunction order itself in violation of *Federal Rules of Civil Procedure* §65(d). The motion for secrecy papers and the record below reveal that Sel Rex BDT is undisputedly a commonplace commercial product known as the number one industry choice for the manufacturing purpose of non-porous gold-plating, known not only to professional scientists and technicians like Petitioners (BBC's former employee and former subcontractor) but that Sel Rex BDT is also the commonplace knowledge of manual workers and clerical help throughout the industry. Is it to remain as the law that this commonplace commercial industrial gold-plating produce may not be used for gold-plating by Petitioners once they have served their two to three

year term of employment and subcontracting with BBC? Is it to remain the law in the Ninth Circuit that the technical knowledge of a commercial product known to all in the industry and which would readily occur to professionals as applicable to BBC's product, be subtracted from the public domain and the public domain technology open to Petitioners thereby be reduced in order to grant BBC trade secret protection? Can Petitioners be subjected to jail and fines as their penalty for contempt for using Sel Rex BDT for the production of electrolytic cells? BBC's brief and the Courts below have all responded to these questions in the affirmative.

(5) Professional careers of the nation's scientific employees and subcontractors are severely limited if the first prime contractor has the power to subtract from the public domain the best known and most useful commercial products availed of by him. Their expertise and professional knowledge can be destroyed at the whim of the prime contractor without any judicial determination of the trade secret claims under the procedure here approved. If, without findings of fact or conclusions of law and with no specificity in the injunction, this commonplace public domain commercial product is the trade secret of BBC, then the Petition must be denied. It will then be the law in the Ninth Circuit that a commercial product known to thousands of gold-platers everywhere has been subtracted from the public domain as far as Petitioners are concerned. These Petitioners are thus barred from purchasing this commonly sold gold-plating bath which is available to everyone else and which was available to them before they had their brief contractual arrangement with BBC which resulted in the injunction.

(6) May the Federal Court, despite *Federal Rules of Civil Procedure* §§52(a) and 65(d), as urged by BBC in its brief in opposition to the Petition for Certiorari, delegate to BBC the judicial acts of "informing" Petitioners what is enjoined? Are Petitioners required to read into the injunction at their peril what "it ill behooves" them to do or are the Federal Courts required to know and specify what they are enjoining? The Ninth Circuit opinion approved a "blank check" injunction (stating on the face of the opinion that "the specific trade secrets are not set forth") and delegation of the determination of the acts restrained to BBC and BBC has "informed" Petitioners that Sel Rex BDT is the trade secret protected. All other "technology" of which the Petitioners have been informed by BBC is of a similar or lower caliber.

(7) Do *Lear v. Adkins* and the *Sears-Compco* cases permit commonplace commercial products such as Sel Rex BDT known to professionals, manual workers and clerks in the gold-plating industry throughout the United States, to be the trade secrets of BBC? If so, the Petition for Certiorari should be denied. On the other hand, if *Lear v. Adkins* requires that these common commercial products be available for lawful competition by all, including former subcontractors and the ex-employee scientists and technicians who wish to compete with their former employer, then the clash of conflicting opinions in the nation's Circuit Courts must be clarified, the Petition must be granted, the judgment below reversed, and the nation's scientists, technicians and engineers restored to mobility.

(8) Respondent's brief refers to non-existent "specific facts" never found by the Court below and to "applications of law" thereto which ever occurred in

the Courts below. BBC's brief may be summarized by the single sentence appearing therein at page 9 where it is stated that "The District Court and the Court of Appeals have clearly held that the acts to be restrained are described in reasonable detail in the Order for Preliminary Injunction and that the findings of fact and conclusions of law are sufficient for an understanding of the order". This statement is, of course, clearly contrary to the truth. It should certainly need no further reiteration at this point of the fact that there *never were any findings of fact or conclusions of law in this case whatsoever.* Reference to the colloquy between the District Court and Petitioners' counsel of January 19, 1970 found in the Appendix to the Petition for Certiorari at pages 14 to 17, reveals that the District Court frankly admitted that it did not know what it had enjoined and that *it did not expect the Petitioners or their attorney to be informed thereof.* It is true that the Court of Appeals' opinion makes vague references to "findings" which do not exist in the District Court Order for Injunction but the Court of Appeals was referring to recitals contained in the Order which had been copied from the Temporary Restraining Order granted *ex parte.* The Court of Appeals frankly admits that neither it nor the District Court knew what was being enjoined when it states in its opinion that "The specific trade secrets are not set forth".

(9) BBC's brief relies primarily on the contention that Petitioners merely object to "the application of the law to the specific facts". *On the contrary,* Petitioners object to the "non-application of the law" and to the erroneous refusal to apply Federal law (*Federal Rules of Civil Procedure* §§52(a) and 65(d)), State law

regarding burden of proof (*Futurecraft v. Clary*),[1] State law on specificity (*Diodes v. Franzen*),[2] Federal law on public domain technology (*Lear v. Adkins*)[3] and State law prohibiting non-competition agreements as well as Federal Patent and Anti-Trust Law.[4] Petitioners object to the abdication of the judicial responsibility by the District Court and the approval by the Court of Appeals of this abdication. The existence or non-existence of any specific trade secret has never been judicially determined by any court below. Yet, these are the "specific facts" upon which Respondent's entire trade secret case must stand or fall.

(10) BBC has once more, in its brief in opposition to the Petition for Certiorari, wheeled out the argument which has thus far been so successful in intimidating a non-technically oriented judiciary, when it argues at page 11 of its brief herein that to require compliance with Rule 52(a) and Rule 65(d), the injunction ". . . would become a manufacturing specification which would be unwieldy and difficult if not impossible for the Court to administer . . .". Thus, with tongue in cheek, with one foot in the United States Patent Law with its four granted patents, it plants its other boot in the trade secret law and monopolizes the technology which the U.S. Patent Office rejects as unworthy. But Sel Rex BDT puts the light of truth on BBC's so far successful effort at obtaining the blank check non-judicially determined injunction. By application of the existing laws and rules, both Fed-

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[1]205 Cal. App. 2d 279, 23 Cal. Rptr. 198.

[2]260 Cal. App. 2d 244, 67 Cal. Rptr. 19.

[3]395 U.S. 653.

[4]See Points and Authorities spelled out in Petition for Certiorari.

eral and State, the District Court could have made prompt and efficient disposition of the case and the initial step therein would have been a granting of the motion for specification which was three times denied by the District Court. The claim that specification would have produced "an unwieldy manufacturing specification" is contradicted by the fact that BBC has only a single 6 page affidavit as support *for* its entire trade secret case!! [R. 1426-1437]. The discredited Callahan Affidavit [Record pp. 1426-1437], does not constitute "an unwieldy manufacturing specification". But that Affidavit is such an obvious sham that it could not have survived the most superficial test of judicial determination had the judicial process of making findings of fact or conclusions of law ever been attempted at any stage of the proceedings. The demonstration is amply made before this Court by BBC's claim to own as its very own trade secret Sel Rex BDT, the commonly sold gold-plating bath.

(11) *Federal Rules of Civil Procedure* §§52(a) and 65(d) which were bypassed by the Courts below after the "unwieldy manufacturing specification" intimidation succeeded, are Rules that are mandatory under the cases cited in the Petition and the refusal to apply them in this case not only deprived Petitioners of the due process of existing laws but also reduced these Rules to a nullity. Since the burden is on BBC, the party claiming the trade secrets, if it would require in fact (which it would not) an "unwieldy manufacturing specification" to specify Respondent's trade secrets, then the injunction must contain that specific and isolated portion of the "unwieldy manufacturing specification" which is being specifically protected under penalty of contempt. Compliance with 52(a) and 65 (d) would have forced BBC to enter the Court with

a legal presentation which a non-technical Court could easily master within a short period of time or BBC would not have met its burden of proof for any protection whatsoever.

12) The Ninth Circuit opinion on its face approves the "blank check" injunction, approves enjoining acts which the Court does not know or specify, and approves a rule that Federal Courts may defer up until the contempt hearing the first judicial determination of what acts are enjoined. It approves delegation to the trade secret plaintiff the judicial function of "informing" Petitioners of what the unspecific trade secret injunction intends to prohibit. The rationale in the Ninth Circuit opinion is the "ill behooves" cliche which results in public domain items, of which Sel Rex BDT is the prime example, being denied to persons who have spent a lifetime in this type of technology.

(13) BBC's claim to trade secret rights in the non-patenable portions of its "unwieldy manufacturing specification" was a calculated deception of the non-technically oriented judges, which successfully intimidated them from making any judicial determination whatsoever of the specific trade secrets whose lawful existence or non-existence determine the issues of this case. By the use of generalized statements (which are barely hedged from outright falsity by ambiguous qualifying clauses) BBC declared that Sel Rex BDT is its trade secret and its use must be denied to Petitioners Frick and Dekel. Thus, BBC duped the Courts below into incorrectly thinking that they had to choose between the following:

(a) Granting BBC the "blank check" injunction by bypassing 52(a) and 65(d).

(b) Undertaking a monumental exploration of technology.

Actually, if BBC failed to carry the burden of proof, and if BBC's attorneys and technical experts did not provide the Trial Court with isolated specific well-supported trade secrets, then, of course, the burden of proof failed and the injunction had to be denied. The trial judge's task was simple if it required strict compliance with Federal and State law, both procedural and substantive, and especially the requirement of placing the burden of proof exactly where it belonged. The Courts below mistakenly believed that the "blank check" injunction was the only way they could escape endless scientific and technical study for which their time was limited. In truth, all of these burdens were on BBC and BBC never met them since it succeeded in intimidating the Court with the "unwieldy manufacturing specification" argument which BBC states it would be "difficult if not impossible for a Court to administer". What BBC is stating is that the Courts cannot administer justice at all in trade secret cases which is not true. The opposite is true since it is relatively easy for a Court to enforce an injunction which specifies the acts restrained and impossible for a Court to enforce with due process, an injunction granted without the Court knowing what it has enjoined.

(14) All of the "specific facts" referred to by BBC pertain to acts by Petitioners preparing to compete with BBC by means which were perfectly lawful unless they were accompanied by the misappropriation of trade secrets, whereas no trade secret has ever been judicially determined to exist. The "hearing" referred to in BBC's

brief was a hearing of oral argument by attorneys only. The District Court never heard the testimony of any witnesses and the Appeal Court can examine the written affidavits and other material before the Court free of any inference that there were credibility determinations below, since no oral testimony was heard on the motion for injunction.

(15) The District Court bypassed all judicial determination of technology at the Interlocutory Injunction stage for the reason that it was intimidated by BBC's deceptively inflated claims to trade secret rights in its entire manufacturing process. The Court's abdication in the face of intimidating technology resulted from failure to require the Respondent to carry its burden of specificity and isolation and that burden upon BBC was in direct proportion to the magnitude of the trade secrets claimed. Had that burden been properly imposed by the Court below, the Court's task would have been relatively simple. Instead, the Court granted a maximum injunction wherein the prohibited acts defy comprehension.

(16) BBC's brief refers on page 5 to "particular examples of proprietary information". This is a false statement of the law not supported by citation to any authority since there exists none. California does not have any "proprietary information" law. In California, the trade secret plaintiff has the difficult burden to fully specify each of its trade secrets, to isolate each specified trade secret from readily ascertainable technology, and to meet the other trade secret requirements of the Law of California. *Diodes v. Franzen,* 260 Cal. App. 2d 244, 67 Cal. Rptr. 19; *Futurecraft v. Clary Corp.,* 205 Cal. App. 2d 279, ... Cal. Rptr.

198 (1962); *Sarkes Tarzian v. Audio Devices Inc.*, D.C. S. Cal., 155 F. Supp. 250, 119 USPQ 20 (1958) aff'd 283 F. 2d 695, cert. den. 265 U.S. 869. Neither Sel Rex BDT nor any technology ever named by BBC could qualify as a trade secret under California law since like Sel Rex BDT, none of it could meet that portion of the test which the Court correctly stated in *Sarkes Tarzian:*

> ". . . A trade secret . . . is of a character which does not occur to persons in the trade with knowledge of the state of the art or which cannot be evolved by those skilled in the art from the theoretical description of the process, or compilation of compendia of information or knowledge".

(17) Since the District Court made no findings of fact or conclusions of law, this Court cannot know whether or not the claimed "trade secrets" consisted of manufacturing techniques which should have been inserted into the patent applications filed January 12, 1967 with respect to United States Patent No. 3423644. Consequently, BBC's claim on pages 7 and 8 of its brief that ". . . Respondent has set forth the best mode of carrying out the invention . . . at the time of filing the patent applications" cannot be reviewed here. The District Court should have made findings of fact on the subject of whether any of the claimed trade secrets were included in the patent applications or should have been included therein as the best mode of carrying out BBC's inventions. The injunction order, if for no other reason, must be reversed for this reason alone. Otherwise, trade secret protection may be given for that which should have been included in the application for patent under the rules applicable to such applications.

(18) On page 8 of its brief, BBC cites three cases which have nothing to do with trade secrets but which were solely concerned with the question of whether or not the patent involved in the suit was invalid for failure of the patentee to disclose the best method of practicing the invention that he knew at the time of the filing of the applications. These three cases are *Adams v. U.S., Benger Labs. v. R. K. Laros Co.,* and *Englehard Industries Inc. v. Sel-Rex Corp.* In the *Englehard v. Sel-Rex* case, the Sel Rex patent was held invalid under circumstances very similar to this case, inasmuch as the Court refused to believe the past owner's claim that the patent application disclosed the best method of practicing the invention in the patent application where it was shown that the applicant knew of a method subsequently found to be better. BBC never dared to swear that it did not know of Sel Rex BDT or any other specific "trade secret" in January, 1967 when it filed its last patent application. Since BBC failed to meet its burden of proving that these so-called "trade secrets" were unknown to it when it filed its last patent application in January, 1967, the Court should have found that there was a failure to meet the burden of proof and that these were encompassed in the best mode of practicing the invention and consequently must be denied trade secret protection. The Rules of *Sears-Compco* and *Lear-Adkins* prohibit a patentee from obtaining state law protection in addition to the patent protection granted BBC in its four patents, for technological subject matter falling within the scope of these four patents. Otherwise, patent applicants are encouraged to provide disclosures having doubtful operability without practical utility in order to retain trade secret rights. Patent disclosures would be mere laboratory

curiosities if patent preemption does not reach all areas of the public domain which are readily ascertainable by a person skilled in the art and if the application does not require disclosure of the best mode of practicing the claimed invention.

(19) In the present case, BBC claimed, and the Courts below held, that readily ascertainable technology such as Sel Rex BDT may be subtracted from the public domain and that BBC's four patents do not bar trade secret protection for the only known useful and operable way of practicing the invention encompassed in the four issued patents. In addition, BBC's own sworn statements reflect the fact that it knew long before its patents issued in January of 1969 that the patent disclosures were of no utility and questionable operability unless supplemented by the technology which BBC now claims as "trade secrets".

(20) On page 10, BBC cites *Irish v. U.S.* which does not support the decision below but contradicts the holdings. In *Irish,* the Court of Appeals reversed a far more detailed injunction than the one here affirmed.

(21) On page 13 of BBC's brief, in paragraph 6, BBC makes inapplicable citations of the law. In the first case cited, a California case, *Components for Research Inc. v. Isolation Products Inc.,* the Court opinion refers to defendants who were former directors in control of the corporation stating "He took with him drawings and customer lists of plaintiff." In the present case, Petitioners were scientists and technicians employed at will who took with them when they left BBC, nothing but their own expertise, professional skill and the contents of their own minds and there is no allegation or finding that Petitioners took any tangible

property whatever of BBC. As a State court case, it was not required to meet *Federal Rules of Civil Procedure* §§52(a) or 65(d) whereas those rules are mandatory in this case.

(22) On page 13, BBC cites *Winston Research v. Minnesota Mining & Manufacturing*, a Ninth Circuit case. That case not only does not support the present injunction, but under its rules, it is clear that Petitioners were entitled to have BBC isolate its claims and were further entitled to have BBC specify such isolated claims at an early stage of the proceeding. The *Winston* opinion stated in part:

> "The fact that Mincom sought protection indiscriminately for all phases of its development program, and refused Winston's request for a more realistic statement of its claim during the initial stages of Winston's own development, afforded an additional justification for the District Court's refusal to award money damages."

Here there are no isolated and specified claims which meet the standards of the *Winston* case at all. The Court of Appeals opinion itself states on its face that the actual trade secrets are not specified and consequently this case is in direct conflict with the standards set forth in *Winston*.

(23) The value to BBC of the Order for Preliminary Injunction has been great since for 2 years it has already intimidated Petitioners from lawful competition in fear that the District Court may conduct its contempt proceedings as it conducted the Interlocutory Injunction proceedings, to wit, by delegating the judicial function to give meaning to what it enjoined to the unscrupulous trade secret claimant who is delegated

to breathe life into the Injunction which does not state on its face that it enjoins.

(24) If BBC had been forced to carry its burden of proof and if the Court had required the granting of specification by BBC so that the claimed technology involved was isolated from the public domain, BBC's entire trade secret claims, including its claim that Sel Rex BDT was its trade secret, would have collapsed.

(25) BBC's brief states on page 9 that "If Petitioners have any information which would show that any of Respondent's trade secrets are publicly known, they have an obligation to bring this information before the Court." This is a tongue-in-cheek, hypocritical attempt to shift the burden of proof which is placed upon BBC and is not upon Petitioners. BBC also declares that its trade secrets are all of its methods and techniques (with no specific description thereof) and that they comprise an "unwieldy manufacturing specification". It was BBC's burden to make the claim understandable, specific and clear to the trial court and it cannot shirk that burden by using the "unwieldy manufacturing specification" argument and thus take upon itself the task of advising Petitioners what is meant by the injunction. Trade secret litigation can be handled well within the abilities of non-technical judges to administer justice of the Federal and State laws are strictly adhered to, both procedural and substantive.

(26) One cannot fault BBC for taking the same way out which was taken by the U. S. District Court and the Court of Appeals for the Ninth Circuit when

they refused to apply Rules 52(a) and 65(d) or explain why they could be bypassed. Instead, BBC refers to factual material to create the false illusion that a sinister conspiracy existed, all of which factual material is irrelevant if no trade secrets existed. If the Petition for Certiorari is here denied, the process begun in the U. S. District Court becomes complete and the so-called trade secrets, including Sel Rex BDT, the commonly sold gold-plating bath, becomes a trade secret by judicial abdication, the use of which results in Petitioners being subjected to contempt in the Federal District Court.

(27) BBC's "parade of the horribles" approach by dangling before this U.S. Supreme Court the "unwieldy manufacturing specification" argument is expected to have the same petrifying effect on the judiciary here as it did in the Courts below. The Ninth Circuit avoided a judicial determination of whether Sel Rex BDT was a trade secret by its "ill behooves" cliche and swept under the rug the fact that there were no findings of fact or conclusions of law.

(28) The claim that Sel Rex BDT is BBC's claimed trade secret is illustrative of the fact that the claim to monopoly rights in trade secrets is not the abstract difficult "unwieldy manufacturing specification" problem which BBC would like to have this Court believe. Each examination simply reveals the falsity of BBC's contention and the refusal of BBC to elicit specific facts in its brief is simply a further illustration of the evasiveness found in its motion for secrecy and its contemptu-

ousness of the technical competency of the judiciary when it sought to seal all of the records herein under the ludicrous contention that Sel Rex BDT was its private "trade secret".

(29) It is noteworthy that the brief for BBC completely bypasses the issue raised by the fact that this case grants a non-specific trade secret injunction which prohibits the use of public domain items such as the commonly sold gold-plating bath, Sel Rex BDT, while in the *Painton and Company* case cited in the Petition, the Court holds that California courts must obey the dictates of the supremacy clause of the United States Constitution and refuse to enforce trade secrets which are related to items covered by a patent. BBC bypasses this with its overall argument that the only basis of Petitioners' claim is the application of the law, not the law itself. Under BBC's analysis of this case, compared to the *Painton* case, no conflict exists and these are merely cases with different sets of facts and the same law applied thereto. Yet, to the Petitioners, the cases are irreconcilable and in Petitioners' view, *Lear v. Adkins* does not permit the appropriation by BBC of public domain technology by private contract or otherwise. Petitioners respectfully submit that the chaotic views on these fundamental concepts in the District Court and Circuit Courts throughout the nation should be set at rest and that the Petition for Certiorari should be granted.

Conclusion.

Wherefore, Petitioners pray that:

1. The Petition for Certiorari to the Court of Appeals for the Ninth Circuit be granted.

2. That the Order for Preliminary Injunction be reversed *per curiam*.

3. That Petitioners be awarded all of their costs of appeal in the Ninth Circuit as well as in this Court, as well as all other relief which is proper in the premises.

Dated: April 23, 1971.

Respectfully submitted,

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